POLAND

Plan of Financial Stabilization
1927

Documents Relating to the Realization of the Plan of Stabilization, Compiled, with Introductory Statement, by

JOHN FOSTER DULLES

Printed for private distribution
by
Messrs. Sullivan & Cromwell
49 Wall Street
New York, N. Y.

1928

FOREWORD

The present volume has been prepared with a view to making more readily available the Polish Plan of Financial Stabilization, together with copies of the various laws, decrees, agreements, etc., enacted or entered into for the purpose of realizing the Plan.

In addition to the table of contents, there are appended two indices, one a general index to the volume, and the other an index of the Stabilization Plan.

In the case of Polish laws and decrees, etc., the controlling text is, of course, Polish. There have been used in this volume English translations contemporaneously prepared by Polish translators without modification except for the correction of certain obvious typographical errors.

In order to afford a better appreciation of the significance of the Plan and of the circumstances of its adoption and realization, the various texts are preceded by an introductory statement outlining the events leading up to the adoption of the Plan and summarizing the more significant features of the Plan itself.

J. F. D.

New York, N. Y., June, 1928.

TABLE OF CONTENTS

PAGE

THE FINANCIAL STABILIZATION OF POLAND

Introductory Statement

By JOHN FOSTER DULLES

Post-war Europe has furnished a unique laboratory for the study of monetary problems. Of peculiar interest have been the measures adopted to replace fluctuating exchanges by monetary stability and budgetary equilibrium. Three major problems of financial reconstruction were presented by Germany, Austria and Hungary. In the case of Germany, the task of formulating a stabilization program was assumed by the Reparation Commission acting through the " Dawes Committee." In the cases of Austria and Hungary the task was undertaken under the auspices of the League of Nations.

A further important chapter in the history of post-war stabilization is now presented by Poland. Her problems were somewhat different from those of the other three countries named. Poland, as a new nation inheriting three depreciated currencies (German marks, Austrian crowns and Russian roubles) had the task of creating a wholly new monetary system, whereas Germany, Austria and Hungary already possessed financial experience and financial organizations adaptable to the purpose. On the other hand, Poland was relatively free from external or internal debt and her trade with the rest of the world was sufficiently in balance so that no fundamental difficulties had to be encountered on this score. The absence of external debt, particularly for reparation under the post-war treaties, led to an essential difference in procedure from that in the case of Germany, Austria and Hungary, where the reparation creditors were in a position to impose their own

views as a condition to the reduction of their reparation claims. In the case of Poland, no such external pressure existed and the stabilization measures taken were purely voluntary.

Polish experience prior to 1927, had, however, already demonstrated that permanent stabilization required a substantial measure of external coöperation. A previous effort has been made to establish a new currency on a gold basis. The zloty was then first created with a gold value corresponding to that of the gold franc. These measures were taken by Poland primarily in reliance on her own resources, and when there occurred a disastrous crop failure requiring heavy importations of food stuffs, the gold reserves back of the new currency proved insufficient and lack of confidence ensued with a consequent flight from the zloty, with the result that the currency depreciated to approximately 9¢ or about 45% of the normal value. Depreciation was accelerated by the fact that the technical measures to protect the currency proved inadequate, principally in that they permitted note issues by the Government, as well as by the Bank of Issue, with consequent inflationary tendencies.

When, therefore, in the fall of 1926, the Polish Government again approached the problem of stabilization, it was with the background of an experience which demonstrated the necessity of stringent measures to protect against internal inflation as well as assurances of external support sufficient to tide over any period where unusual conditions might give rise to an abnormal demand for foreign exchange. The very fact of the failure of the first effort accentuated the necessity of ample protection for the new projected gold zloty. There existed a certain public distrust which had to be allayed by devising new measures which would not merely conform to the best theoretical standard, but be so obviously sufficient that the general public, at home and abroad, would be satisfied thereby. For without public confidence no technical protection will long suffice.

In December, 1926, the Polish Government entrusted Mr. Mlynarski, Vice-Governor of the Bank of Poland, and Professor Krzyzanowski with the mission of taking preliminary

measures to secure American coöperation in a plan of stabilization. The mission proceeded to New York where it arranged with Bankers Trust Company, Blair & Co., Inc., and Chase Securities Corporation that these institutions would become the bankers of the Polish Government and coöperate with that Government in the development and execution of a plan of stabilization.

The Federal Reserve Bank of New York afforded the representative of the Bank of Poland information and advice with respect to the technical monetary aspects of the problems with which the Bank was attempting to deal.

On the basis of suggestions from these bankers and advice from the Federal Reserve Bank as to technical monetary matters, there was drafted the rough outline of a plan of stabilization which the Polish financial mission then took back to Poland early in 1927 and laid before the Polish Government and the Bank of Poland.

After ascertaining that the principles thus tentatively formulated were acceptable, the Polish Government invited its bankers to send representatives to Paris to meet there with representatives of the Bank of Poland and the Polish Treasury with a view to elaborating a Plan of Stabilization in definitive and detailed form. The bankers acceded to this suggestion and April and May, 1927, were devoted to conferences in Paris designed to formulate a plan of stabilization which would restore confidence within Poland and command external support. The negotiations were conducted by Mr. Mlynarski, representing the Bank of Poland, Messrs. Baranski and Zaida representing the Polish Treasury, Messrs. F. N. B. Close, Jean Monnet and Pierre Denis, representing the bankers, and Mr. John Foster Dulles, acting as their counsel. The conferees had the benefit of consultation and discussion, as to the various aspects of the Plan, with financial experts who had collaborated in the construction of the Dawes Plan and other stabilization plans and had had practical experience in their administration. Economists and technical experts of various Banks of Issue

contributed many valuable suggestions as to the monetary aspects of the Plan.

The Plan, when finally formulated, was resubmitted to the Government and the Bank of Poland for their final approval and, when this was accorded, the Plan* was then formally submitted by the Bank of Poland to the Federal Reserve Bank of New York with a request that, on the basis thereof, it take the initiative in organizing a credit in favor of the Bank of Poland to be participated in by other national Banks of Issue. The Federal Reserve Bank acceded to this request and in turn submitted the Plan to the principal European Banks of Issue in order to afford them an opportunity to participate in the credit which it was proposed to organize. This opportunity was availed of and a formal credit agreement concluded and signed in Paris in June, 1927, contingent upon the consummation of the Plan as a whole. The Central and Reserve Banks participating in the credit were those of Austria, Belgium, Czecho-Slovakia, Denmark, England, Finland, France, Germany Hungary, Italy, The Netherlands, Sweden, Switzerland, and the United States.

Preceding and pending the conclusion of this credit agreement, the Polish Government and the Bank of Poland, in consultation with the legal representative of the American bankers, drafted the various legislative enactments, decrees, amendments to the statutes of the Bank of Poland and other documents legally necessary for the realization of the Plan. Furthermore, during this period, and in order to broaden the international aspect of the undertaking, the American bankers, with whom the Guaranty Trust Company of New York had now become associated, approached leading European bankers with a view to their joining, on the basis of the stabilization plan, in the issue of the proposed external stabilization loan. Important banking houses in England, France, The Netherlands, Switzerland and Sweden accordingly became associated with the undertaking, each assuming the responsibility of making a public offering of a portion of the loan. Arrangements were

---

* Document Number 1, p. 13.

similarly made for the flotation of a portion of the loan within Poland itself.

By the end of June, all technical arrangements requisite for the final consummation of the stabilization plan had been completed, but the summer months were not considered a favorable time for the public flotation of the stabilization bonds, so that the consummation of the Plan was postponed until the Fall.* In the meantime a short term credit was arranged by the American bankers with a view to providing foreign exchange for the benefit of the Bank of Poland in the event that in the interval there should be occasion therefor. Actually no such occasion arose, the credit did not have to be utilized, and this credit agreement was terminated in October, 1927, when the stabilization plan as a whole was carried through.

On October 13, 1927, the Polish Government signed the definitive agreement with its bankers for the consummation of the Stabilization Loan and issue of its Stabilization Bonds.† On the same day the Polish Government, by decrees having the force of law, adopted the Stabilization Plan, promulgated its full text and issued a further decree establishing the new gold zloty with a content of .187546 grammes of $^9/_{10}$ fine gold, or a value of approximately 11.22¢ per zloty.‡ A few days later the stabilization loan was simultaneously offered in the United States, England, France, The Netherlands, Switzerland, Sweden, and Poland. The loan operation was a complete success in all markets and was largely over-subscribed.

Shortly following the public offering and before the proceeds thereof became payable to the Polish Government, the necessary steps were taken within Poland to carry through the requisite amendments of the Statutes of the Bank of Poland and the election of Mr. Charles Dewey as a director of the Bank and as Financial Adviser, to assume which position Mr. Dewey resigned as Assistant Secretary of the Treasury of the

* Document Number 3, p. 25.
† Document Number 4, p. 29.
‡ See Documents Numbers 7 and 8, pp. 39 and 54.

United States.* On November 9, 1927, the temporary bonds of the Stabilization Loan were actually delivered, payment therefor was made and proceeds amounting to about $62,000,000 were paid over to the Bank of Poland which, upon obtaining the foreign exchange, opened a corresponding zloty credit in favor of the Government for utilization in accordance with the Plan of Stabilization.

The Plan itself falls into four main headings, namely:

1. Monetary measures designed to insure a gold value currency resting upon a technically sound foundation;

2. Budgetary and administrative measures designed to safeguard against any deficits or mal-administration which might embarrass the treasury and in turn render difficult the maintenance of currency stability;

3. Provisions for external observation designed to ensure, and inform the world concerning, the successful application of both monetary and budgetary measures;

4. Provisions for the security of the stabilization loan.

1. The monetary features of the Plan affect both the Government and the Bank of Poland. In view of the independent status of the Bank of Poland, it was impracticable for the Government itself to impose upon the Bank those modifications of its statutes requisite to a coördination of the Bank's measures with the Stabilization Plan. Accordingly the measures to be taken by the Bank appear as an Annex to Part II of the Plan, as being measures which "the Government understands that the Bank of Poland intends to take."

The undertakings of the Government itself, expressed in Part II of the Plan, include a permanent renunciation by the Government of the right to issue currency notes and the constitution of the Bank of Poland as the sole note-issuing organization. The Government further accepts limitations against borrowing from the Bank.

* See Documents Numbers 13, 14, 15, 16, 17, 18, pages 82 to 99.

The Government undertakes to fix by law a new value of the zloty in terms of gold and to make the notes of the Bank of Poland, payable in gold or gold exchange drafts, legal tender within the Republic. The Plan does not contemplate that the notes of the Bank shall necessarily be redeemable on demand in actual gold coin, but, as indicated, gives the Bank the alternative of paying in the form of gold exchange drafts. This latter basis, which is in fact that adopted, is in line with the prevailing practice of the continent and, in the case of Poland, was deemed preferable to any requirement that gold coin should be sought to be restored immediately as a circulating medium. In view of the complete absence of circulating gold in all of the countries surrounding Poland, it was feared that any gold coin put in circulation within Poland would be drawn off for hoarding purposes into Russia or other adjacent States. Accordingly, it is the " gold exchange " rather than gold standard which is initially adopted.

Provision is made for the retirement of all outstanding treasury notes and the substitution therefor of the notes of the Bank of Poland. Furthermore, in order to prevent any inflation through the excessive use of subsidiary coin, provision is made as to the amount of subsidiary money which may be minted by the Government and the Government undertakes not to exceed that amount without the assent of the Bank of Poland.

Provision is made for certain control over foreign borrowing which, in so far as applicable to public financing, is treated as a budgetary and administrative measure and, so far as relates to private borrowing, is treated as a protection of the monetary stabilization. In this latter respect the Bank of Poland is charged with the duty of studying private external long term borrowing from the viewpoint of its effect upon currency stabilization, and if it shall judge that future stability would be endangered by a continuance of such borrowing, the Bank of Poland has the right to announce its views to this effect and the Government and the Bank of Poland agree thereupon to coöperate to restrain excessive external borrowing.

The technical monetary measures to be taken by the Bank

of Poland include a modification of the statutes of the Bank to increase the reserve requirements to 40% and to provide that such requirements will be applicable to both note and deposit liabilities. The Bank further agrees to carry three-fourths of its minimum reserve requirement in gold coin or bullion.

Provision is made for the increase of the capital of the Bank by 50,000,000 zloty so that the combined capital and surplus will be over 200,000,000 zloty. The Bank is to elect an American Adviser as a member of the Board of the Bank, with authority to assist and advise the Bank as to its duties under the Plan and with the right to full information as to the operations of the Bank.

2. The budgetary and administrative measures commit the Government to the permanent policy of budgetary equilibrium and provide for substantial budgetary surpluses for the years 1927–1928 and 1928–1929. A large part of the detailed provisions are designed to put the State's finances on a sound budgetary basis and to centralize the accounting and deposit policy of the Government. All free funds of the Treasury are to be deposited with the Bank of Poland, thereby preventing the possibility of Government deposits being held by other institutions in an amount which would permit of embarrassing the Bank of Poland in any monetary or rediscount policy which it thought wise to adopt.

Provision is made for the future reorganization of the Railways upon an autonomous basis and the Government undertakes to prepare plans of reform of the system of taxation and of the commercial banking system. It may be noted, in connection with the latter point, that already measures have been taken by the Polish Government designed to force the elimination of weak banks and a consolidation into larger and sounder institutions.

The Government recognizes the principle that it should not borrow for ordinary budgetary purposes, except for short term borrowing during a period of seasonal depression of income and in anticipation of early tax receipts. In order to facilitate borrowing of this character and to give protection to the Gov-

ernment's financial position, the Plan provides for the establishment in favor of the Government of a 75 Million zloty treasury reserve available, with the approval of the Financial Adviser, to enable the Treasury to meet current expenses when current receipts are insufficient, due to seasonable causes. Any amounts drawn from the Treasury reserve must be restored within six months.

The Government undertakes, throughout the period of the Plan, not to issue, internally or externally, long term loans for budgetary purposes. Borrowing for productive purposes may be made only after first consulting the Financial Adviser, and the Government agrees not to authorize any external loans, guaranteed by the Government, or any external municipal loans, without similarly first taking the opinion of the Adviser.

3. A cardinal feature of the Plan is the provision for foreign advice and observation through an American to be appointed as Financial Adviser to the Government and to the Bank. Technically, the primary status of the Adviser is that of a member of the Board of the Bank of Poland, the Government agreeing that the functions of the Financial Adviser to the Government will be performed by this foreign director of the Bank, so as to promote a coördination of the tasks of the Government and the Bank under the Plan. The functions of the Financial Adviser, in his dual capacity as director of the Bank and adviser to the Government, are to advise both the Government and the Bank as to the performance of the measures contemplated by the Plan and he is entitled to receive both from the Government and from the Bank all such information as he considers necessary to enable him to discharge his duties as prescribed by the Plan. The Adviser has a number of specific technical duties and powers such as those in relation to the Treasury reserve, passing upon external public loans and releasing the proceeds of the Stabilization Loan. His authority is, however, primarily moral and rests upon the fact that, on the one hand, he is afforded a position which assures him the fullest access to all facts relative to the Polish fiscal situation and, on the other hand, he is charged with reporting to the

outside world as to the progress of the Plan. The Plan provides, in this respect, that the Adviser will furnish a quarterly report addressed to the Bank of Poland and which report is to be promptly published by the Bank.*

Since the primary purpose of the Polish Government in accepting the Plan was to establish its credit throughout the world, it was the general concensus of opinion of qualified authorities that this right and duty of the Adviser to make public reports would most clearly tend to strengthen his authority and influence. The Polish Government would most certainly seek to avoid any fiscal measures which the adviser might be compelled to characterize as unsound and endangering the success of the Plan.

In order further to strengthen the moral position of the Adviser, and to insure the continued interest of citizens of other nations, provision is made for the creating of an advisory committee of financial experts of international reputation who may be called upon from time to time to assist and counsel with the Adviser as to the handling of any problems of peculiar difficulty which arise under the Plan.

In addition to the moral position and support thus accorded the Adviser, the Plan provides for the arbitration of any differences which may arise between him and the Polish Government and the Polish Government agrees to accept the decision of the arbitrator as final.

The Adviser is chosen for a normal period of three years with provision for the possible earlier termination, or for the prolongation, of his functions.

4. The Plan provides for a stabilization loan designed to produce about 60 Million Dollars. Of these proceeds, the zloty equivalent of approximately 45 Million Dollars is required for technical monetary measures called for by the Plan, the balance being available as a revolving fund to provide credit facilities to certain enterprises of a character permanently useful in the economic development of the Republic.

---

* The first such report is reprinted herein as Document Number 30, p. 178.

The technical monetary measures provided for through the proceeds of the loan are

(a) increase in capital of the Bank of Poland, initially subscribed by the Government ($8,330,000),

(b) retirement of Treasury Notes, either through substitution of Bank of Poland Notes or issue of silver coin ($25,550,000),

(c) retirement of floating debt of the Treasury ($2,780,000),

(d) creation of Treasury Reserve ($8,330,000).

While the requirements for the foregoing purposes are here expressed, for convenience, in terms of dollars, they are actually zloty requirements. On the other hand, the Bank of Poland requires, under the Plan, foreign exchange to establish reserves against its note issue. Accordingly, the Plan provides that the external stabilization loan shall be made by the Government, but that the foreign exchange proceeds shall be paid over to the Bank of Poland, which in turn opens a zloty credit in favor of the Government. Thus the Bank of Poland acquires the entire foreign exchange, whereas the Government procures the zloty funds which it requires for the purposes of the Plan.

The Financial Adviser is given control over the proceeds of the loan in that any drafts against the zloty credit which the Bank of Poland opens in favor of the Government are subject to the authorization or counter-signature of the Adviser. Furthermore, that portion of the proceeds of the loan that is available for credit purposes, must be employed in accordance with principles and rules agreed upon between the Government and the Bank of Poland and the Adviser.

The Plan contemplates that the customs revenues will be assigned as security for the stabilization loan, and that these revenues will, in the first instance and directly, be paid into a special account of the Fiscal Agents of the loan maintained with the Bank of Poland. The Financial Adviser is constituted the representative of the Fiscal Agents and the special account

thus maintained is under the control of the Adviser as such representative of the Fiscal Agents.

These provisions with reference to the security of the stabilization loan and the functions of the Adviser with reference thereto are more fully developed in the Loan Agreement.*

While the Polish Stabilization Plan was evolved primarily under American guidance and with American financial support, it is an essential element of its strength that it rests upon a broad international basis. The Plan itself draws heavily from the stabilization experiences of Germany, Austria and Hungary. The credit accorded to the Bank of Poland is participated in not only by the Federal Reserve Banks, but by the leading Continental Banks of Issue. Furthermore, the stabilization loan was publicly sponsored and offered not only in the United States, but in England, France, Holland, Switzerland, Sweden, and Poland and substantial amounts thereof were privately taken in other European countries.

This broad international support accorded the Plan is, perhaps, the greatest guaranty of its success. Thereby the Plan has already served its primary purpose of marking the reestablishment throughout the world of confidence in the financial stability of Poland, and affording assurance of the continuing interest and coöperation of the leading financial nations of the world.

* Document Number 9, p. 56.

1. PLAN OF STABILIZATION.*

With a view to stabilizing the Zloty on a gold basis, establishing Poland's credit at home and abroad and ensuring a solid foundation for the economic development of the country, the Government decides, in so far as it relates to governmental measures, to carry out the following plan:

Part I.

BUDGETARY, FISCAL AND ADMINISTRATIVE MEASURES.

1. *Budget.*—The Government recognizes that budgetary equilibrium, already attained for the year 1926–1927, should be established on a firm and permanent basis, and in order to ensure this result as against contingencies or uncertainties, will make the following provisions for a surplus during the next two years:

1927–1928 Budget.

For the fiscal year 1927–1928 the Government will create at once additional revenues, so as to provide for additional expenditures for administrative purposes, amounting to about 80 Million Zloty, the service of the stabilization loan hereinafter referred to and a substantial surplus; the total of such additional revenues to represent at least 300 Million Zloty.

1928–1929 Budget.

The budget for the fiscal year 1928–1929 will provide a substantial surplus.

2. *Budgetary and Administrative Provisions of a General Order.*—No expenditures during the fiscal years 1927–1928 and 1928–1929 not specifically provided for in the budget shall

* As submitted by the Bank of Poland to the Federal Reserve Bank of New York in June, 1927. See p. 14, supra. The same text is annexed to the Loan Agreement (supra, p. 56) and, in its Polish text, is annexed to the Decree of October 13, 1927 (supra, p. 41).

be made unless a corresponding increase of revenues be provided for at the time such expenditure is authorized. Such expenditures include among others the service of any loan.

Any surplus obtained in a given month will be used only for purposes specified in the current budget or a succeeding budget.

If, after the quarterly review of the budgetary situation, it is found that expenditures were under-estimated or the revenues over-estimated and that, in consequence of one or both circumstances, the balance of receipts and expenditures at the end of the quarterly period was lower than anticipated and likely to endanger the balancing of the budget at the end of the year, the Government will at once reduce expenditures or provide additional revenues.

The Government will continue the present system of monthly budgets.

The detailed expenditure of every State Department will be approved by the Minister of Finance and no allocation of revenue from one heading to another can be sanctioned except with the authorization of this Ministry.

All Government receipts will be paid into, and disbursements made through, the Bank of Poland, or the Postal Savings Bank, or the " Caisses de Trésor ". All free funds of the Treasury will be deposited with the Bank of Poland, which will be kept frequently and periodically informed of the state of the Treasury account with the Postal Savings Bank and " Caisses de Trésor ".

Receipts and expenditures of all State owned non-commercialized enterprises will be kept apart from the general public accounts in such a way that the gross receipts and surplus receipts thereof cannot be used in any other way than as provided in the budget. The budgets and the financial operations of State owned commercialized enterprises will be submitted to the control of the Minister of Finance. He will supervise the deposit of the free funds of the State owned enterprises to the end that such funds shall be used in conformity with the monetary policy for which the Bank of Poland, under Part II, is responsible

The Government will, as soon as possible, organize the Railways on an autonomous basis or " régie interéssée ".

The Government will, without delay, prepare a plan of reform of the system of taxation and take the necessary measures to promulgate the same, in consultation with a specially constituted Committee. The Minister of Finance will create a special committee to study the commercial banking situation and to propose measures for the improvement thereof.

The Government undertakes that the Minister of Finance will not, during the year 1927–1928, use the faculty given to him by Article 9 of the 1927 budgetary law allowing Treasury Funds to be lent to State Banks, Municipalities, public enterprises or for other purposes and will not ask the renewal of this Article for future budgets. However, pending the establishment of an independent system of municipal financing, the Treasury may make short term loans, of not exceeding twelve months' maturity, to Municipalities, on the condition that such advances do not exceed 20% of the total funds derived from taxes collected by the Treasury on behalf of the Municipalities as a whole during the year.

3. *Government Borrowing.*—The Government recognizes the principle that, except in the case of a grave and unpredictable emergency, it should not borrow for ordinary budgetary purposes. This is not to be construed, however, to prevent short term transactions as contemplated in Par. 5, Part I.

The Government, for three years, will not issue, internally or externally, long term loans for budgetary purposes. However, the Government may borrow for productive purposes after first consulting the Adviser (mentioned below) who will announce his advisory opinion as to the proposed loan operations, in so far as relates to the carrying out of the program. Furthermore, before authorizing any external loan guaranteed by the Government or any external municipal loan, the Government will consult the Adviser who will similarly announce his opinion with reference thereto.

4. *Retirement of Existing Floating Debt.*—The Government will retire its present Floating Debt, now estimated at 25 Mil-

lion Zloty, and to that end will deposit an equivalent sum with the Bank of Poland, to be utilized only to pay off such floating debt as it matures.

5. *Creation of Treasury Reserve.*—The Government will deposit with the Bank of Poland 75 Million Zloty as a Treasury Reserve. This sum will be available, as the Treasury will show the necessity to the Adviser (hereinafter mentioned) to enable the Treasury to meet current expenses when current receipts are insufficient, such as during a seasonal period when the Government is faced with heavy payments at times when current fiscal income is normally low. The Treasury Reserve may also be drawn upon by the Government, under the same conditions, in anticipation of the receipt of taxes and duties. Amounts drawn from the Treasury Reserve must be restored within six months.

The Treasury Reserve will not be suppressed or reduced until the Bank of Poland and the Adviser are satisfied that the internal market conditions for obtaining short term credits are permanently such as to make this reserve unnecessary, or that a sufficient Treasury Reserve can and will be maintained from a budget surplus.

Part II.

MONETARY STABILIZATION.

1. *General Declaration of Government.*—The Government declares that under the law of October 22, 1926, it has renounced the right to issue currency notes and that it will not hereafter issue such notes. The Bank of Poland shall be the only note-issuing organization. Under its present statutes the Bank of Poland, as a stock company, is entirely independent of the Government, which is not entitled to secure advances from the Bank or cause the Bank to issue any notes against State debt, except, however, within the limits now specially authorized in the Statutes of the Bank.

The Government has now borrowed 25 Million Zloty from the Bank under the Statutes of the Bank authorizing govern-

ment borrowing up to but not exceeding 50 Million Zloty. So long as the Treasury reserve is maintained, the Government will not borrow further from the Bank.

2. *Establishment of Gold Basis for Currency.*—On or before the effective date of the inauguration of this program, the Polish Government shall by law fix the new value of the Zloty in terms of gold, approximately equivalent to its present gold exchange value. At the same time, the notes of the Bank of Poland will be made legally payable on demand in gold or gold exchange drafts. The Statutes of the Bank already provide that the notes of the Bank shall ultimately enjoy the unqualified right of redemption in gold. The Bank, in consultation with the Adviser, will study the situation with a view to ascertaining how soon this right can safely be extended.

Note: The revaluing of the gold and foreign reserves on the basis of the new value of the Zloty will result in a profit, and this profit will be credited to the surplus account of the Bank.

3. *Retirement of Treasury Notes and Issue of Metallic Currency.*—The Government, to provide for the retirement of the outstanding Treasury notes and so that the notes of the Bank of Poland will constitute the sole paper currency in circulation, will pay to the Bank 140 Million Zloty, in consideration whereof the Bank will assume liability for one-half of the present Treasury notes and gradually substitute its own notes therefor.

The Government will moreover deposit with the Bank of Poland 90 Million Zloty to be used by it for minting silver coins of 2 and 5 Zloty denominations, of not less than 500 fine, to the total amount of 140 Million Zloty, and the balance of the present State note currency amounting to 140 Million Zloty will be retired therewith.

The Government will not coin and issue any token money or metallic currency other than the 180 Million Zloty now in circulation and the 140 Million Zloty of silver coin authorized as above, unless the Bank of Poland recognizes the necessity therefor.

4. *Bank Measures to Ensure Currency Stability.*—The Bank of Poland is charged with, and henceforward will by all means in its power seek, the permanent stability of the Zloty.

The Government understands that the Bank of Poland, with the above end in view, intends to take a number of measures, elaborated in the Annex hereto, some of which will require a modification of its Statutes. The Government has taken cognizance of the Bank of Poland's plans and undertakes to coöperate to give to such measures legal effect without delay.

These measures include the following:

Modification in the reserve requirements of the Bank.

Increase of capital of the Bank.

Election of a foreign Director (herein sometimes called the "Adviser").

Modification of the Statutes of the Bank to permit the sale or pledge of commercial paper payable in Zloty.

In connection with the increase of the capital of the Bank, the Government undertakes to subscribe for the increased capital under the conditions mentioned in the Annex.

5. *Regulation of Private External Borrowing.*—The Government and the Bank of Poland will coöperate to restrain private external long term borrowing if the Bank should consider this to be excessive and to endanger the further stability of the currency, and they will devise such measures as seem best adapted to the situation. The Bank will have the right to announce its views concerning the advisability, at a given time, of suspending such borrowing in the interest of currency stabilization.

Annex to Part II.

a) *Reserve Requirements.*—The Reserve requirements of the Bank of Poland will, as authorized by the Statutes of the Bank, be increased to 40% and such requirements will be applicable to both note and deposit liabilities. The Bank will carry three-fourths of its minimum reserve requirement in gold coin or bullion and at least two-thirds of this gold coin

and bullion will be carried in the vaults of the Bank, and the remaining one-third may be carried under earmark abroad.

b) *Certain Loans Discontinued.*—After the stabilization of the Zloty, the Bank of Poland will abandon its present practice of making loans secured by foreign currency.

c) *Increase of the Capital of the Bank.*—The present capital of the Bank is 100 Million Zloty and will be increased by 50 Million Zloty, so that the combined capital and surplus of the Bank will be about 200 Million Zloty. The additional capital stock will be initially acquired by the Treasury at a price to be agreed upon between the Bank and the Treasury, after taking into consideration the book value of the stock when the plan becomes effective.

It is estimated that approximately 75 Million Zloty may be needed for this purpose, any amounts over and above the par value of the stock to be carried to surplus. It is understood that the new stock sold to the Treasury shall be deposited with the Adviser for account of the Government, with the understanding that the shares so deposited will be sold to the public. If all the shares are not sold during the period of the functioning of the Adviser, the balance will be held in trust by the Chairman of the Bank of Poland for future sales. Such stock, while deposited with the Adviser or Chairman, shall not carry voting privileges, and as long as it is so deposited dividends shall be deferred to regular dividend of 8% on the 100 Million Zloty of capital stock now outstanding. The Government, however, shall be entitled to dividends on this stock, if paid by the Bank, but not to exceed 10%. As such deposited shares are sold to the public they shall carry the same voting and dividend rights as the present shares in the hands of the public.

d) *Election of a Foreign Director.*—The Bank of Poland will elect an American expert to act as a director (member of the Board) of the Bank. He will assist and advise the Bank in relation to its duties under the Plan. He shall reside permanently with the Bank of Poland unless he concludes that this

permanent attendance in Warsaw is no longer warranted by circumstances. This Director will be empowered to create an Advisory Committee of Financial Experts to sit from time to time, on his invitation, under his chairmanship.

Such Director will, through the management, be kept currently informed as to all of the operations of the Bank, and as to its condition, in such detail as he shall consider necessary.

In case of death or inability to act of the foreign Director of the Bank, or in case of his resignation other than in connection with the permanent termination of his office, there will be immediately selected and elected, in the same manner, a successor of the same nationality. In case of absence or disability of the foreign Director of the Bank, and at his request, there shall be designated a substitute of the same nationality, who will exercise his functions.

Part III.

SPECIAL PROVISIONS CONCERNING THE ADVISER

1. The Government agrees that the functions of the Adviser, as provided in Part I, will be performed by the foreign Director of the Bank, so as to ensure that he will have a comprehensive knowledge of the interrelated administrative and monetary aspects of the Plan.

2. The foreign Director of the Bank will assist and advise the Government through the Minister of Finance as to the various measures provided for in the Plan. He will, through the Ministry of Finance, be supplied with such information as he considers necessary to enable him to discharge his duties as prescribed in the Plan.

3. The Adviser will prepare a quarterly report, addressed to the Bank of Poland and promptly published by it, on the progress of the various aspects of the Plan.

4. The Adviser, during his tenure of office, will exercise certain functions as representative of the Fiscal Agents of the Loan as provided in Part IV.

5. The same person who is the Adviser may be entrusted with any functions provided for in any arrangements under

which foreign banks, at the request of the Bank of Poland, should decide to grant credits to the Bank.

6. The foreign Director of the Bank shall be elected for a period of three years. He may earlier resign if he considers the continuation of his functions unnecessary. Should the Adviser consider that the fulfilment of the program is not sufficiently advanced at the end of the fiscal year 1929–1930, the Government will study the situation in coöperation with the Adviser and they both will agree as to those dispositions of the Plan which will still have to be maintained and their duration.

7. In case of any disagreements arising under the Plan between the Government and the Adviser, each will appoint a representative and the two will endeavor to adjust the difference. If they should not succeed the two representatives will agree on a third party, of different nationality, as arbitrator whose decision shall be final.

Part IV.

EXTERNAL LOAN.

1. *Amount and Utilization.*—The Government will borrow from its Bankers about $60,000,000, which will be applied to the following purposes, figures being approximated:

a)	75,000,000 Zl.	increase in capital of the Bank. See Part II, Par. 4 and Annex (*c*)	$ 8,330,000
b)	140,000,000	assumption by the Bank of one half net Treasury note issue. See Part II, Par. 3..................	15,550,000
c)	90,000,000	conversion of one half net Treasury note issue into silver coin. See Part II, Par. 3.............	10,000,000
d)	25,000,000	or such sums as may be requisite to discharge floating debt of Treasury. See Part I, Par. 4.........	2,780,000
e)	75,000,000	to provide working fund for Treasury and called Treasury Reserve. See Part I, Par. 5........	8,330,000
f)	135,000,000	to provide for economic development........................	15,000,000

2. *Supervision of Application of Loan Proceeds.*—The General Bond or Loan Agreement will provide for the appointment of Fiscal Agents for the loan.

The proceeds of the loan will be paid to the Bank of Poland and the Zloty equivalent deposited with the Bank of Poland in a special account subject to being released to the Government only for purposes authorized above. Accordingly, any drafts against such funds with the Bank of Poland will require the authorization or counter-signature of the Adviser as representative of the Fiscal Agents.

If and as the Treasury Reserve is reduced or suppressed as provided by Part I, Par. 5 above, and as the stock of the Bank is sold for account of the Government as contemplated by the Annex, Par. (*c*), the resulting funds may be employed by the Polish Government for productive purposes specified in consultation between the Government and the Adviser.

The proceeds of the loan falling under (*f*) above, will be employed to provide credit facilities to State enterprises and for agricultural purposes, of a character permanently useful in the economic development of the Republic, in accordance with principles and rules agreed upon between the Government and the Bank of Poland and the Adviser. The Government and the Bank and the Adviser will proceed promptly to determine the principles and rules in accordance with which the credit facilities are to be made available, so as to permit the prompt utilization of the moneys, which should be before the end of the current year.

The proceeds of the loan applicable to credit facilities and productive purposes as contemplated by the two preceding paragraphs, will be evidenced by notes, bills, bonds, mortgages and other evidences of indebtedness which will constitute a special portfolio which will be independently administered on behalf of the Government by the Bank of Poland as a revolving fund, and in a manner consistent with the provisions and intent of the Plan. If, however, all or any part of such revolving fund is no longer required for the purposes for which it has been created, the Government may employ it to reduce the outstanding Bonds of the External Loan.

3. *Security and Supervision Thereof.*—The Loan contract will provide for the assignment of the customs revenues as security for the service of the loan. Assigned revenues will in the first instance be paid into a special account of the Fiscal Agents with the Bank of Poland subject to disposition and release by the representative of the Fiscal Agents who, in the first instance, will be the Adviser.

2. LETTER INTERPRETATIVE OF CERTAIN PARAGRAPHS OF PLAN OF STABILIZATION.

July 6, 1927.

Dr. Felix Mlynarski,
Vice Governor of the Bank of Poland,
Warsaw.

DEAR SIR:

The Annex to Part II of the Plan of Stabilization provides for the election by your Bank of an American expert to act as member of the Board of the Bank, and that such Director "will be empowered to create an Advisory Committee of Financial Experts to sit from time to time, on his invitation, under his Chairmanship."

Having collaborated with you in the drafting of the Plan, we are happy to confirm your construction of the language quoted, namely, that the Committee therein referred to is a committee which will act in an advisory capacity to the American Director and not to the Government or to the Bank or its Board.

We further refer to paragraph 7 of Part III providing that in case of any disagreements arising under the Plan between the Government and the Adviser, resort may be had to arbitration, the decision of the arbitrator being final.

We confirm our understanding that if disagreements arising under the Plan should be of such character as, in the judgment of the Polish Government, to demonstrate that the personality of the Adviser is such as to render the successful operation of the Plan impossible, the question of the retention of the then incumbent as Adviser may be arbitrated.

Upon the appointment of an Adviser, we shall be happy to file with him a copy of this communication to you.

Yours very truly,
(Signed) JOHN FOSTER DULLES.
P. DENIS.

3. EXCHANGE OF LETTERS BETWEEN THE BANKERS AND MINISTER OF FINANCE with reference to program for realization of Stabilization Loan.

July 6, 1927.

His Excellency the Minister of Finance,
Warsaw, Poland.

DEAR SIR:

Under date of June 25, we had the pleasure to hand you a cable from Bankers Trust Company, Blair & Co., Inc., Chase Securities Corporation and Guaranty Trust Company of New York with reference to the realization of the Plan of Stabilization upon which, as representatives of the banking group in question, we have been working in collaboration with your Government.

You will recall that the last paragraph of this cable requested that we should as promptly as possible come to agreement with your Government as to the form of the papers which would be required in connection with the issue of the proposed Stabilization Loan, so that such issue could readily be arranged by cable from New York as soon as conditions become suitable for the flotation of an issue of this character and amount.

In accordance therewith there have been prepared, in collaboration with your Representatives and those of the Bank of Poland, the following papers which we have the pleasure to hand you herewith:

1) Bond Purchase Agreement.
2) Plan of Stabilization.
3) Loan Agreement.
4) Form of Temporary Dollar Bond.
5) Form of Temporary Sterling Bond.
6) Prospectus Letter from the Minister of Finance.
7) Decree promulgating the Stabilization Plan and authorizing the Stabilization Loan.

8) Decree fixing the new gold value of the zloty.
9) Form of amendments to the Statutes of the Bank in conformity with the Stabilization Plan.
10) Form of resolutions to be adopted by the Bank's Council with reference to the Adviser and his functions.
11) Form of opinion to be rendered to the Bankers by the Solicitor General of the Republic.
12) Form of definitive Dollar Bond.
13) Form of definitive Sterling Bond.
14) Fiscal Agents Compensation Agreement.

The above documents are complete, as to form, except as to the offering price, the precise nominal amount of the issue, and the Sinking Fund. The offering price, for obvious reasons, can only be fixed when the issue is imminent and when the precise political, economic and financial conditions affecting the issue can be definitely known. The nominal amount of the issue should be fixed at the same time.

* * * *

We have not been able to discuss all details with our European associates and it is possible that some minor changes would prove necessary to meet some technical peculiarities of their markets, and if a French tranche is finally decided upon, this also might require certain slight modifications and additions.

We are happy to record our agreement with you as to all the matters dealt with in the papers handed you. We are confident that this agreement assures the early realization of the complete program of stabilization which seems now to depend only upon the return of satisfactory market conditions. The Banking Group which we represent has but recently and formally expressed to you its firm intention to seize the earliest favorable moment to proceed with the flotation of the stabilization loan, and you may be assured that we, in collaboration with our associates, will give you the benefit of our best judgment and efforts to attain the most favorable price for a loan of this character and amount.

The 15 million dollar credit which this group has arranged to open in your Government's favor can be taken as a material indication not only of their confidence in your Government but also of their determination to do their part to assure the prompt and complete realization of the comprehensive program upon which they have embarked with your Government.

We beg to express our personal gratification at having had the opportunity of working with you and with your Associates in what we consider is both a constructive and epoch-making achievement.

Yours very sincerely,

BANKERS TRUST COMPANY,
By F. N. B. Close
H. Fischer.
BLAIR & CO., INC.,
CHASE SECURITIES CORPORATION,
By Jean Monnet.

Warsaw, July 6, 1927.

Bankers Trust Company,
Blair and Co., Inc.,
Chase Securities Corporation.

Dear Sirs:

I have the honor to acknowledge the receipt of your letter of July 6, 1927, with which you transmit 14 documents as specified therein, which have been prepared by you in collaboration with the Ministry of Finance and the Bank of Poland in anticipation of the realization of the Stabilization Program which has been adopted by the Polish Government.

I am happy, on behalf of the Polish Government, to confirm my agreement with the text of both your letter and the documents, subject of course to settlement of those matters you mention which can only be definitely fixed when the issue is imminent.

The Polish Government is gratified that this matter has now proceeded to a point where the Program of Stabilization can

be realized as soon as market conditions render this possible, and we rely upon you to advise us as soon as this is the case.

I consider it a pleasant duty to express to you, on behalf of the Polish Government, the appreciation of your co-operation in rendering the realization of the Program possible, and our firm intention to carry through the Program which we have thus determined to adopt.

Very sincerely yours,

[SEAL] G. CZECHOWICZ,
Minister of Finance of the
Republic of Poland.

4. AGREEMENT BETWEEN THE GOVERNMENT AND ITS BANKERS for realization of Stabilization Plan and sale of stabilization bonds.*

Bond Purchase Agreement dated October 13, 1927, between the Government of the Republic of Poland, hereinafter called the " Republic ", represented by its Minister of Finance, party of the first part, and the financial institutions whose names are hereto appended as parties of the second part, hereinafter called the " Bankers ", and of which the first three named are herein referred to as the " Originating Bankers ".

1. The Republic will create an issue of $62,000,000 and £2,000,000 of 20-Year 7% Bonds of the Stabilization Loan of 1927 (herein called the " Bonds "), pursuant to a Plan of Stabilization which the Republic has prepared and decided to adopt and which is appended hereto as Exhibit A, and under a Loan Agreement substantially in the form attached hereto as Exhibit B.

2. The Bankers, subject to the terms hereof, will purchase or guarantee the purchase of the Bonds * * * *

3. The purchase price, subject to deductions for items of cost and tax assumed by the Republic hereunder and subject to payment to the Fiscal Agents for initial listing and like expenses to be assumed by the Republic under the Loan Agreement, shall be paid in New York funds (or, at the option of the Bankers, in whole or in part in pounds sterling, Swiss francs, Dutch florins or other currencies which are on a gold basis), against the simultaneous delivery to the Bankers in New York and/or such other place or places as may be mutually agreed upon, of a temporary Bond or Bonds for the entire issue, in substantially the form of the draft of temporary dollar

* The Exhibits to this agreement are not here reprinted. In the main they represent proposed agreements, decrees, etc., which appear hereafter in their definitive form.

and sterling Bonds annexed hereto as Exhibits C and D respectively. Such delivery shall occur on the twentieth day following the date of public offering (or on such other date as may be mutually agreed upon between the Republic and the Bankers) on not less than seven days' notice to the Bankers.

Payment to the Republic for the Bonds shall be made by crediting the Bank of Poland in New York, London, Amsterdam, Zurich or other financial centers, with the respective amounts in dollars or other currencies, and the Republic recognizes that such payment to the Bank of Poland will constitute payment to the Republic hereunder.

4. * * * * The Bankers will assume the issue, coupon or like taxes, fees and governmental charges incident to the initial public offering or marketing of the Bonds in the United States of America, Great Britain, Switzerland, The Netherlands, Sweden and such other countries as may be agreed upon between the Bankers and the Republic.

It is understood that two million dollars, principal amount of Bonds will be originally issued in France and will constitute the French issue. The Republic agrees to assume and pay the issue tax (droit de timbre au comptant) amounting to 4% payable in France in respect thereto.

5. Prior to the date of public offering the Republic will furnish letters in substantially the form of that drafted by the Republic and annexed hereto as Exhibit E, signed by its Minister of Finance, which letters may be used or summarized by the Bankers in their respective prospectuses, one such letter to be addressed to the Bankers in each country of public issue who will head such issue, with appropriate variations to meet the respective situations.

6. The Republic will furnish such information and make such applications, if any, as may be requisite to qualify the Bonds for public marketing in the various countries and States in which public offering of the Bonds may be made.

7. The obligation of the Bankers hereunder is expressly dependent upon the Plan of Stabilization being realized in

accordance with the following schedule which has been drawn up by the Republic, and to which it agrees strictly to adhere:

a) The Plan of Stabilization (Exhibit A) will have been brought into force and this Agreement and supplemental Agreements authorized by Decree having the force of law in the form of the draft Decree prepared by the Republic and attached hereto as Exhibit F, on Thursday, October 13, 1927.

b) The revalorization of the Zloty, as contemplated by the Plan, will have been prescribed by Decree, having the force of law, in substantially the form of the draft Decree prepared by the Republic and attached hereto as Exhibit " G ", on Thursday, October 13, 1927.

c) The Loan Agreement (substantially in the form attached hereto) and a supplemental Agreement concerning the Fiscal Agents (substantially in the form attached hereto as Exhibit " O ") shall be promptly signed pursuant to the authority of the Decree mentioned in a) above.

d) On or before the notice to the Bankers fixing the date of payment under Article 3 hereof, or such lesser time before the date of payment as the Bankers may agree to, the Statutes of the Bank of Poland will have been duly modified, with legal sanction, in the sense contemplated by the Plan, Part II, paragraph 4, and as indicated in Exhibit " H " hereto annexed, and the foreign Director (who will be an American recognized by the American Bankers as qualified) will have been elected as contemplated by the Plan, Part III, paragraph 6, and installed with the functions and facilities contemplated by the Plan (Annex (d) and Part III, par. 3), and a resolution of the Council of the Bank adopted to this end, in substantially the form set out in Exhibit K hereto annexed.

The Bankers will give the Republic not less than two days' notice of the proposed date of the American public offering of

Bonds, which may be on a "when, as and if issued and accepted" basis. It is understood that the public offerings in the different countries will occur at approximately the same time.

8. It is a further condition of the obligation of the Bankers that this Agreement and the Loan Agreement constitute valid and binding obligations of the Republic, in accordance with their respective terms, that the temporary Bonds constitute, and the definitive Bonds when issued and exchanged therefor as contemplated by the Loan Agreement will constitute, valid and binding obligations of the Republic in accordance with their terms, and that the decrees mentioned in 7 (a) and 7 (c) above and the decree sanctioning the amendment of the Bank Statutes referred to in 7 (d) have and retain the force of law and that the Bankers at the time for payment shall be so advised by the Solicitor General of the Republic, as well as by their own counsel, the opinion of the Solicitor General to be in substantially the form of the draft letter annexed hereto as Exhibit L.

9. The form of definitive dollar and sterling Bonds shall be substantially in the forms annexed hereto as Exhibits M and N, with such variations, approved by the Republic or its diplomatic representatives, as may be requisite to meet the requirements of the various Stock Exchanges.

10. The Bankers' undertaking is made on the understanding that if, before the closing of the last of the public offerings, there occurs any material change in existing political, economic or market conditions which in the judgment of the Bankers renders it impracticable to carry out the operations contemplated hereby, they are not obligated to proceed hereunder; but in such case they will confer with the Republic with a view to arranging, if feasible, to proceed with the issue at a subsequent date.

11. In order to afford an adequate opportunity for placing the Bonds and to protect the market during this period, the Republic will not, except through the intermediary of the Bankers, or with their consent, make or consent to the public offering of any other obligations of, or guaranteed by, the

Republic or any State instrumentality within three months of the date of delivery of temporary Bonds hereunder.

12. The Republic may treat with the Originating Bankers as to all matters arising hereunder.

In witness whereof, the Government of the Republic of Poland has caused this Agreement to be duly executed on its behalf by Mr. Gabrjel Czechowicz, its Minister of Finance, and the Bankers have caused this Agreement to be duly executed on their behalf by their duly authorized representatives, in four counterparts, the day and year first above written.

The Government of the Republic of Poland
[seal] By G. Czechowicz
Minister of Finance.

Bankers Trust Company
By H. Fischer
Authorized representative.

Chase Securities Corporation,
Blair & Co., Inc.
By Jean Monnet
Authorized representative.

Guaranty Trust Company of New York
By H. Fischer
Authorized representative.

Lazard Brothers & Co., Ltd.
By Blair & Co., Inc.
By Jean Monnet
Authorized representative.

Banque de Paris et des Pays Bas
Banque Franco-Polonaise, representing the French Group
By Edward Spitzer
Authorized representative.

Société de Banque Suisse
Crédit Suisse
By Bankers Trust Company
By H. Fischer
Authorized representative.

Hope & Co.
Lippmann, Rosenthal & Co.
De Twentsche Bank
By Bankers Trust Company
By H. FISCHER
Authorized representative.
Stockholms Enskilda Bank
Skandinaviska Kreditaktiebolaget
By Bankers Trust Company
By H. FISCHER
Authorized representative.
Bank Handlowy w Warszawie
Representing the Polish Group
By St. A. LUBOMIRSKI
Authorized representative.

5. LAW OF AUGUST 2, 1926, amending the Constitution so as to provide that the President of the Republic may by law be authorized to issue decrees having the force of law. (Translation.)

From the Polish official Journal of Laws of the 4 August 1926 Nr. 78, par. 442.

Extract.

According to art. 44 of the Constitution I enact the following law:

LAW

of 2 August, 1926,

amending and completing the Constitution of the Republic of the 17 March 1921 (Journal of Laws of the Republic of Poland Nr. 44, par. 267).

Art. 5.

The art. 44 of the Law* of the 17th March 1921 (Journal of Laws of the Republic of Poland Nr. 44, par. 267) shall be completed by the following additional provisions:

" The President of the Republic is entitled, during the period when the Diet and Senate are dissolved until the next meeting of the Diet is held (art. 25) to issue in case of urgent necessity decrees having force of law within the limits of the public legislation. These decrees shall not pertain to the modification of the Constitution neither to matters foreseen by the art. 3 par. 4; art. 4, 5, 6, 8, 49 par. 2; 50 and 59 of the Constitution nor the Electoral System of the Diet and Senate.

A Law can grant to the President of the Republic authority to issue decrees having the force of law during the period and regarding matters indicated by the Law, except, however the modification of the Constitution.

Decrees provided in the two preceeding paragraphs shall be issued on the motion of the Council of Ministers with reference

* This law embodies the Constitution of Poland.

to the provisions of the Constitution contained in these paragraphs and shall be signed by President of the Republic, President of the Council of Ministers and all the Ministers, and published in the Journal of Laws. These decrees come out of force if not submitted to the Diet within 14 days after the next session of the Diet or if after having been submitted to the Diet are by the Diet declined."

Art. 8.

The present Law comes into force on the date of its publication.

President of the Republic: I. Moscicki.
President of the Council of Ministers: K. Bartel.
Minister of the Interior: Mlodzianowski.
Minister for Foreign Affairs: August Zaleski.
Minister of War: J. Pilsudski.
Minister of Finance: C. Klarner.
Minister of Justice: W. Makowski.
Minister of Education and Cults: A. Sujkowski.
Minister of Agriculture and State Domains: Dr. A. Raczynski.
Minister of Commerce and Industry: E. Kwiatkowski.
Minister of Railways: Romocki.
Minister of Public Works: Broniewski.
Minister of Labour and Social Welfare: Dr. Jurkiewicz.
Minister of Agrarian Reform: Staniewicz.

A true and exact translation.
Warsaw this 14 of October 1927.
Register No. 4937.
E. Stoczynski
Sworn Translator.

6. LAW OF AUGUST 2, 1926, granting the President power to issue decrees having the force of law in the sphere of stabilization and economic improvement. (Translation.)

From the Polish official Journal of Laws of the 4 August 1926, Nr. 78, par. 443.

In virtue of Art. 44 of the Constitution I hereby promulgate the following law:

LAW

of August 2, 1926,

granting to the President of the Republic authority to issue decrees having the force of law.

Art. 1. The President of the Republic is hereby authorized to issue decrees having the force of law in the sphere of:

reconciling the existing laws with the Constitution and realizing the latter's prescriptions contemplating the promulgation of special laws; the reorganization and simplification of the State administration; the harmonizing of the legislation throughout the country; the application of judicial proceedings and the imposition of charges for the purpose of social protection; and also in the sphere of measures designed to secure the equilibrium of the Budget; the stabilizing of the currency and the improving of the economic situation of the country, and also particularly in the domain of agriculture and forestry.

Art. 2. These decrees shall not relate to any matters mentioned in Art. 3 par. 4, in Art. 4, 5, 8, 49 par 2, in Art. 50 and 59 of the Constitutional Law of March 17, 1921, (Journal of Laws of the Republic of Poland, Nr. 44, Section 267) nor to imposing new taxes and public charges, nor to increasing the existing tax rates above the standard as provided for in the law of July 1st 1926 (Journal of Laws of the Republic of Poland, Nr. 63, Section 376) nor to establishing new monopolies, nor

to increasing the circulation of State notes and subsidiary coin beyond the legal authorization now existing, nor to charging and exchanging the real property of the State, nor to alienating the same, provided the value of the separate property exceeds 100,000 Zlotys; nor to modifying the Electoral Law of the Diet and the Senate, the laws concerning local self-government; the Electoral Law of the local self-governing organs; nor to modifying the county boundaries, the laws concerning the languages and schools; the anti-alcoholic laws and the matrimonial law.

Art. 3. This law is in force up to the day of the opening of the new Diet.

Art. 4. The President of the Council of Ministers and all the Ministers are entrusted with the execution of this law, each in his proper sphere of activity.

Art. 5. This law comes into force on the day of its promulgation.

President of the Republic: I. Moscicki.
President of the Council of Ministers: K. Bartel.
Minister of the Interior: Mlodzianowski.
Minister for Foreign Affairs: August Zaleski.
Minister of War: J. Pilsudski.
Minister of Finance: C. Klarner.
Minister of Justice: W. Makowski.
Minister of Education and Cults: A. Sujkowski.
Minister of Agriculture and State Domains: Dr. A. Raczynski.
Minister of Commerce and Industry: E. Kwiatkowski.
Minister of Railways: Romocki.
Minister of Public Works: Broniewski.
Minister of Labour and Social Welfare: Dr. Jurkiewicz.
Minister of Agrarian Reform: Staniewicz.

A true and exact translation.
Warsaw this 14 of October 1927.
Register No. 4937.

E. Stoczynski
Sworn Translator.

7. DECREE OF OCTOBER 13, 1927, promulgating Plan of Stabilization and authorizing Stabilization Loan. (Translation.)

From the Polish official Journal of Laws of the 13th October, 1927, Nr. 88, par. 789.

DECREE OF THE PRESIDENT OF THE REPUBLIC OF POLAND

dated October 13, 1927,
referring to the Program of Stabilization and concluding of an external loan.

According to Article 44, par. 6 of the Constitution, and according to the law of August 2nd 1926, granting to the President of the Republic authority to issue decrees having the force of law (Journal of Laws of the Republic of Poland, Nr. 78, par. 443) I hereby decree as follows:

1. With a view to stabilizing the currency and improving the economic conditions, a Program of Stabilization as contained in the annex attached hereto is established.

2. In connection with the execution of the Program of Stabilization, the Minister of Finance is authorized to contract an external loan in the nominal amount of $62,000,000 and of £2,000,000, and to issue and sell for this purpose Government Bonds to the nominal amount of such a loan.

3. The terms of the issue, especially the purchase price and the form of security of the Bonds as well as commission and charges and all other provisions connected with the issue and payment of the loan, will be defined in such agreements as will be concluded by the Minister of Finance subject to the conditions specified below.

4. The Bonds will not bear a higher interest than 7% per annum. They are to be amortized in 20 years.

The Bonds will be amortized by semi-annual payments as described in the Loan Agreement at 103% of their nominal value.

The Bonds may also be redeemed before the maturity at 103% of their nominal amount, in whole or in part, commencing the fifteenth of October 1937.

5. The Bonds and coupons will be free of all taxes, stamp duties and other charges either now existing in Poland or which might be imposed in future.

6. The repayment of the loan and interest will be secured by revenues of the import and export customs duties and by subsidiary revenues of such custom duties.

7. The Bonds and coupons will be expressed in gold dollars of U. S. A. and also in pounds sterling. The Bonds expressed in dollars shall be payable also in pounds sterling, Swiss francs, Dutch florins, and Swedish kronor, on the basis of

4,8665	Dollars	=£1.
5,183	Swiss francs	=$1.
2,488	Dutch florins	=$1.
3,731	Swedish kronor	=$1.

and shall also be collectible in French francs at the rate in Paris for sight exchange on New York on the date of presentation for collection.

The Bonds expressed in pounds sterling shall be payable also in gold dollars of the United States of America on the basis of 4,86 Dollars = £1.

The text of the Bonds and all agreements connected with the issue of the Loan may be in the English and French language.

8. The Minister of Finance is authorized to transfer the right to sign the text of the Bonds to the Minister of the Republic of Poland at Washington and/or at London, England, or to other representatives of the Republic.

9. The Minister of Finance or other competent Ministers are hereby charged with the execution of the present decree.

10. The present decree comes into force on the date of its publication.

President of the Republic: I. Moscicki.
President of the Council of Ministers and Minister of War: J. Pilsudski.
Minister K. Bartel.
Minister of the Interior: Slawoj Skladkowski.
Minister for Foreign Affairs: August Zaleski.
Minister of Finance: G. Czechowicz.
Minister of Justice: A. Meysztowicz.
Minister of Education and Cults: Dr. Dobrucki.
Minister of Agriculture and State Domains: K. Niezabytowski.
Minister of Commerce and Industry: E. Kwiatkowski.
Minister of Railways: Romocki.
Minister of Public Works: Moraczewski.
Minister of Labour and Social Welfare: Dr. Jurkiewicz.
Minister of Agrarian Reform: Witold Staniewicz.
Minister of Posts and Telegraphs: Boguslaw Miedzicski.

A true and exact translation.
Warsaw this 17 of November 1927.
Register No. 5468.

E. Stoczynski
Sworn Translator.

This plan was annexed to the decree of the President of the Republic of October 13, 1927, relative to adoption of a plan of stabilization and the contracting of a foreign loan, and was published therewith in the " Dz. Ust. R. P." No. 88/1927, item 789.

With a view to stabilising the Zloty on a gold basis, establishing Poland's credit at home and abroad and ensuring a solid foundation for the economic development of the country, the Government decides, in so far as it relates to governmental measures, to carry out the following plan:

PART I

BUDGETARY, FISCAL AND ADMINISTRATIVE MEASURES

1. — Budget

The Government recognises that budgetary equilibrium, already attained for the year 1926–1927, should be established on a firm and permanent basis, and in order to ensure this result as against contingencies or uncertainties, will make the following provisions for a surplus during the next two years:

1927–1928 Budget.— For the fiscal year 1927–28 the Government will create at once additional revenues, so as to provide for additional expenditures for administrative purposes, amounting to about Z 80 million, the service of the stabilisation loan hereinafter referred to and a substantial surplus; the total of such additional revenues to represent at least Z 300 million.

1928–29 Budget.— The budget for the fiscal year 1928–29 will provide a substantial surplus.

2. — Budgetary and administrative provisions of a general order

No expenditures during the fiscal years 1927–28 and 1928–29 not specifically provided for in the budget shall be made unless a corresponding increase of revenues be provided for at the time such expenditure is authorised. Such expenditures include among others the service of any loan.

Any surplus obtained in a given month will be used only for purposes specified in the current budget or a succeeding budget.

If, after the quarterly review of the budgetary situation, it is found that expenditures were under-estimated or the revenues over-estimated and that, in consequence of one or both circumstances, the balance of receipts and expenditures at the end of the quarterly period was lower than anticipated and likely to endanger the balancing of the budget at the end

of the year, the Government will at once reduce expenditures or provide additional revenues.

The Government will continue the present system of monthly budgets.

The detailed expenditure of every State Department will be approved by the Minister of Finance and no allocation of revenue from one heading to another can be sanctioned except with the authorisation of this Ministry.

All Government receipts will be paid into, and disbursements made through, the Bank of Poland, or the Postal Savings Bank, or the *" Caisses de Trésor "*. All free funds of the Treasury will be deposited with the Bank of Poland, which will be kept frequently and periodically informed of the state of the Treasury account with the Postal Savings Bank and *" Caisses de Trésor "*.

Receipts and expenditures of all State-owned non-commercialised enterprises will be kept apart from the general public accounts in such a way that the gross receipts and surplus receipts thereof cannot be used in any other way than as provided in the budget. The budgets and the financial operations of State-owned commercialised enterprises will be submitted to the control of the Minister of Finance. He will supervise the deposit of the free funds of the State-owned enterprises to the end that such funds shall be used in conformity with the monetary policy for which the Bank of Poland, under Part II, is responsible.

The Government will, as soon as possible, organise the Railways on an autonomous basis or *" régie intéressée "*.

The Government will, without delay, prepare a plan of reform of the system of taxation and take the necessary measures to promulgate the same, in consultation with a specially constituted Committee. The Minister of Finance will create a special Committee to study the commercial banking situation and to propose measures for the improvement thereof.

The Government undertakes that the Minister of Finance will not, during the year 1927–28, use the faculty given to him by Article 9 of the 1927 budgetary law allowing Treasury

Funds to be lent to State Banks, Municipalities, public enterprises or for other purposes and will not ask the renewal of this Article for future budgets. However, pending the establishment of an independent system of municipal financing, the Treasury may make short-term loans, of not exceeding twelve months' maturity, to Municipalities, on the condition that such advances do not exceed 20% of the total funds derived from taxes collected by the Treasury on behalf of the Municipalities as a whole during the year.

3. — Government borrowing

The Government recognises the principle that, except in the case of grave and unpredictable emergency, it should not borrow for ordinary budgetary purposes. This is not to be construed, however, to prevent short-term transactions as contemplated in Par. 5, Part I.

The Government, for three years, will not issue, internally or externally, long-term loans for budgetary purposes. However, the Government may borrow for productive purposes after first consulting the Adviser (mentioned below) who will announce his advisory opinion as to the proposed loan operations, in so far as relates to the carrying out of the programme. Furthermore, before authorising any external loan guaranteed by the Government or any external municipal loan, the Government will consult the Adviser who will similarly announce his opinion with reference thereto.

4. — Retirement of existing floating debt

The Government will retire its present Floating Debt, now estimated at Z 25 million, and to that end will deposit an equivalent sum with the Bank of Poland, to be utilized only to pay off such floating debt as it matures.

5. — Creation of Treasury reserve

The Government will deposit with the Bank of Poland Z 75 Million, as a Treasury reserve. This sum will be available,

as the Treasury will show the necessity to the Adviser (hereinafter mentioned) to enable the Treasury to meet current expenses when current receipts are insufficient, such as during a seasonal period when the Government is faced with heavy payments at times when current fiscal income is normally low. The Treasury reserve may also be drawn upon by the Government, under the same conditions, in anticipation of the receipt of taxes and duties. Amounts drawn from the Treasury reserve must be restored within six months.

The Treasury reserve will not be suppressed or reduced until the Bank of Poland and the Adviser are satisfied that the internal market conditions for obtaining short-term credits are permanently such as to make this reserve unnecessary, or that a sufficient Treasury reserve can and will be maintained from a budget surplus.

PART II

MONETARY STABILIZATION

1.—General declaration of Government

The Government declares that under the law of October 22, 1926, it has renounced the right to issue currency notes and that it will not hereafter issue such notes. The Bank of Poland shall be the only note-issuing organization. Under its present statutes the Bank of Poland, as a stock company, is entirely independent of the Government, which is not entitled to secure advances from the Bank or cause the Bank to issue any notes against State debt, except, however, within the limits now specially authorized in the statutes of the Bank.

The Government has now borrowed Z 25 million from the Bank under the Statutes of the Bank authorizing Government borrowing up to but not exceeding Z 50 million. So long as the Treasury reserve is maintained, the Government will not borrow further from the Bank.

2.—Establishment of gold basis for currency

On or before the effective date of the inauguration of this program the Polish Government shall by law fix the new value of the Zloty in terms of gold, approximately equivalent to its present gold exchange value. At the same time, the notes of the Bank of Poland will be made legally payable on demand in gold exchange drafts. The Statutes of the Bank already provide that the notes of the Bank shall ultimately enjoy the unqualified right of redemption in gold. The Bank, in consultation with the Adviser, will study the situation with a view to ascertaining how soon this right can safely be extended.

Note: The revaluing of the gold and foreign reserves on the basis of the new value of the Zloty will result in a profit, and this profit will be credited to the surplus account of the Bank.

3.—Retirement of Treasury notes and issue of metallic currency

The Government, to provide for the retirement of the outstanding Treasury notes and so that the notes of the Bank of Poland will constitute the sole paper currency in circulation, will pay to the Bank Z 140 million, in consideration whereof the Bank will assume liability for one-half of the present Treasury notes and gradually substitute its own notes therefor.

The Government will moreover deposit with the Bank of Poland Z 90 million to be used by it for minting silver coins of Z 2 and 5 denominations, of not less than 500 fine, to the total amount of Z 140 million, and the balance of the present State note currency amounting to Z 140 million will be retired therewith.

The Government will not coin and issue any token money or metallic currency other than the Z 180 million now in circulation and the Z 140 million of silver coin authorised as above, unless the Bank of Poland recognizes the necessity therefor.

4.—Bank measures to ensure currency stability

The Bank of Poland is charged with, and henceforward will by all means in its power seek, the permanent stability of the Zloty.

The Government understands that the Bank of Poland, with the above end in view, intends to take a number of measures, elaborated in the Annex hereto, some of which will require a modification of its Statutes. The Government has taken cognisance of the Bank of Poland's plans and undertakes to co-operate to give to such measures legal effect without delay.

These measures include the following:

Modification in the reserve requirements of the Bank.

Increase of capital of the Bank.

Election of a foreign Director (herein sometimes called the "Adviser").

Modification of the Statutes of the Bank to permit the sale or pledge of commercial paper payable in Zloty.

In connection with the increase of the capital of the Bank, the Government undertakes to subscribe for the increased capital under the conditions mentioned in the Annex.

5.—Regulation of private external borrowing

The Government and the Bank of Poland will co-operate to restrain private external long-term borrowing if the Bank should consider this to be excessive and to endanger the future stability of the currency, and they will devise such measures as seem best adapted to the situation. The Bank will have the right to announce its views concerning the advisability, at a given time, of suspending such borrowing in the interest of currency stabilization.

ANNEX
TO
PART II

a) Reserve requirements

The reserve requirements of the Bank of Poland will, as authorised by the Statutes of the Bank, be increased to 40 per cent, and such requirements will be applicable to both note and deposit liabilities. The Bank will carry three-fourths of its minimum reserve requirement in gold coin or bullion, and at least two-thirds of this gold coin and bullion will be carried in the vaults of the Bank, and the remaining one-third may be carried under earmark abroad.

b) Certain loans discontinued

After the stabilization of the Zloty, the Bank of Poland will abandon its present practice of making loans secured by foreign currency.

c) Increase of the capital of the Bank

The present capital of the Bank is Z 100 million and will be increased by Z 50 million, so that the combined capital and surplus of the Bank will be about Z 200 million. The additional capital stock will be initially acquired by the Treasury at a price to be agreed upon between the Bank and the Treasury, after taking into consideration the book value of the stock when the plan becomes effective.

It is estimated that approximately Z 75 million may be needed for this purpose, any amounts over and above the par value of the stock to be carried to surplus. It is understood that the new stock sold to the Treasury shall be deposited with the Adviser for account of the Government with the understanding that the shares so deposited will be sold to the public. If all the shares are not sold during the period of the function-

ing of the Adviser, the balance will be held in trust by the Chairman of the Bank of Poland for future sales. Such stock, while deposited with the Adviser or Chairman, shall not carry voting privileges, and as long as it is so deposited dividends shall be deferred to regular dividend of 8 per cent, on the Z 100 million of capital stock now outstanding. The Government, however, shall be entitled to dividends on this stock, if paid by the Bank, but not to exceed 10 per cent. As such deposited shares are sold to the public they shall carry the same voting and dividend rights as the present shares in the hands of the public.

d) Election of a foreign director

The Bank of Poland will elect an American expert to act as a director (member of the Board) of the Bank. He will assist and advise the Bank in relation to its duties under the Plan. He shall reside permanently with the Bank of Poland unless he concludes that this permanent attendance in Warsaw is no longer warranted by circumstances. This Director will be empowered to create an Advisory Committee of Financial Experts to sit from time to time, on his invitation, under his chairmanship.

Such Director will, through the management, be kept currently informed as to all of the operations of the Bank, and as to its condition, in such detail as he shall consider necessary.

In case of death or inability to act of the foreign Director of the Bank, or in case of his resignation other than in connection with the permanent termination of his office, there will be immediately selected and elected, in the same manner, a successor of the same nationality. In case of absence or disability of the foreign Director of the Bank, and at his request, there shall be designated a substitute of the same nationality, who will exercise his functions.

PART III

SPECIAL PROVISIONS CONCERNING THE ADVISER

1. — The Government agrees that the functions of the Adviser, as provided in Part I will be performed by the foreign Director of the Bank, so as to ensure that he will have a comprehensive knowledge of the interrelated administrative and monetary aspects of the Plan.

2. — The foreign Director of the Bank will assist and advise the Government through the Minister of Finance as to the various measures provided for in the Plan. He will, through the Ministry of Finance, be supplied with such information as he considers necessary to enable him to discharge his duties as prescribed in the Plan.

3. — The Adviser will prepare a quarterly report, addressed to the Bank of Poland and promptly published by it, on the progress of the various aspects of the Plan.

4. — The Adviser, during his tenure of office, will exercise certain functions as representative of the Fiscal Agents of the Loan as provided in Part IV.

5. — The same person who is the Adviser may be entrusted with any functions provided for in any arrangements under which foreign banks, at the request of the Bank of Poland should decide to grant credits to the Bank.

6. — The foreign Director of the Bank shall be elected for a period of three years. He may earlier resign if he considers the continuation of his functions unnecessary. Should the Adviser consider that the fulfilment of the program is not sufficiently advanced at the end of the fiscal year 1929–30, the Government will study the situation in co-operation with the Adviser, and they both will agree as to those dispositions of the Plan which will still have to be maintained and their duration.

7. — In case of any disagreements arising under the Plan between the Government and the Adviser, each will appoint a

representative and the two will endeavor to adjust the difference. If they should not succeed the two representatives will agree on a third party, of different nationality, as arbitrator whose decision shall be final.

PART IV

EXTERNAL LOAN

1.—Amount and utilisation

The Government will borrow from its Bankers about \$60,000,000, which will be applied to the following purposes, figures being approximated:

a)	Z 75,000.000	increase in capital of the Bank. See Part II, Par. 4 and Annex (*c*) . . .	\$ 8,330.000
b)	„ 140,000.000	assumption by the Bank of one half net Treasury note issue. See Part II, Par. 3	„ 15,550.000
c)	„ 90,000.000	conversion of one half net Treasury note issue into silver coin. See Part II, Par. 3	„ 10,000.000
d)	„ 25,000.000	or such sums as may be requisite to discharge floating debt to Treasury. See Part I, Par. 4 . .	„ 2,780.000
e)	„ 75,000.000	to provide working fund for Treasury and called Treasury reserve. See Part I, Par. 5 . . .	„ 8,330.000
f)	„ 135,000.000	to provide for economic development	„ 15,000.000

2. — Supervision of application of loan proceeds

The General Bond or Loan Agreement will provide for the appointment of Fiscal Agents for the loan.

The proceeds of the loan will be paid to the Bank of Poland and the Zloty equivalent deposited with the Bank of Poland in in a special account subject to being released to the Government only for purposes authorised above. Accordingly, any drafts against such funds with the Bank of Poland will require the authorization or counter-signature of the Adviser as representative of the Fiscal Agents.

If and as the Treasury reserve is reduced or suppressed as provided by Part I, Par. 5 above, and as the stock of the Bank is sold for account of the Government as contemplated by the Annex, Par. (*c*), the resulting funds may be employed by the Polish Government for productive purposes specified in consultation between the Government and the Adviser.

The proceeds of the loan falling under (*f*) above, will be employed to provide credit facilities to State enterprises and for agricultural purposes, of a character permanently useful in the economic development of the Republic, in accordance with principles and rules agreed upon between the Government and the Bank of Poland and the Adviser. The Government and the Bank and the Adviser will proceed promptly to determine the principles and rules in accordance with which the credit facilities are to be made available, so as to permit the prompt utilization of the moneys, which should be before the end of the current year.

The proceeds of the loan applicable to credit facilities and productive purposes, as contemplated by the two preceding paragraphs, will be evidenced by notes, bills, bonds, mortgages and other evidences of indebtedness which will constitute a special portfolio which will be independently administered on behalf of the Government by the Bank of Poland as a revolving fund, and in a manner consistent with the provisions and

intent of the Plan. If, however, all or any part of such revolving fund is no longer required for the purposes for which it has been created, the Government may employ it to reduce the outstanding Bonds of the External Loan.

3.—Security and supervision thereof

The Loan contract will provide for the assignment of the customs revenues as security for the service of the loan. Assigned revenues will in the first instance be paid into a special account of the Fiscal Agents with the Bank of Poland subject to disposition and release by the representative of the Fiscal Agents who, in the first instance, will be the Adviser.

A True and Exact Translation
Warsaw this 17 of November 1927
[Seal] Register No. 5468
E. Stoczynski
Sworn Translator

8. DECREE OF OCTOBER 13, 1927, establishing the gold standard. (Translation.)

From the Polish official Journal of Laws of the 13th of October 1927, Nr. 88, par. 790.

DECREE OF THE PRESIDENT OF THE REPUBLIC
dated October 13th, 1927,
relating to stabilization of Zloty.

According to the article 44 par. 6 of the Constitution, and according to the Law of August 2nd 1926, granting to the President of the Republic authority to issue decrees having the force of law (Journal of Laws of the Republic of Poland Nr. 78, par. 443), I hereby decree as follows.

Art. 1. The currency of the Republic of Poland is on gold basis. The standard of value of the Polish currency is zloty (zl.). The zloty is divisable into 100 grosz (gr.).

Art. 2. 5924,44 zloty is coined out of one kilogram of pure gold.

Art. 3. Gold coins minted in conformity with this decree and notes of the Bank of Poland are the only legal tender, having the force to discharge obligations by payment, without limitation of their amount, unless under regulations in force such payment is provided for in another manner.

Art. 4. The issue of gold coins is unlimited.

Art. 5. The minting of gold coins is performed for account of the State Treasury, and for account of private persons, who might wish to hand over a quantity of gold for that purpose, containing not less than 100 grams of pure gold.

Art. 6. In addition to the gold coins there shall be minted and issued on the account of the State Treasury coins of other metals, according to the rules, to be established in a special decree.

The total issue of such coins, including in such issue the cash

reserve of the State Treasury consisting in such coins, cannot exceed 320.000.000 zloty, unless pursuant to a special agreement with the Bank of Poland.

Art. 7. The Minister of Finance is charged with the execution of the present decree.

Art. 8. The present decree comes into force from the date of its promulgation. At the same time, in the matters dealt with by the present décree, are annulled: the provisions of the decree of the President of the Republic, respecting the monetary system (Journal of Laws of the Republic from the year 1924, Nr. 37 par. 401.), of the Law of June 23rd 1925, respecting changes in the decree of the President of the Republic, dated April 23rd 1924 respecting the monetary system (Journal of Laws Nr. 67 par. 466) and the decree of the President of the Republic of October 22nd 1926, concerning the regulation of the monetary system (Journal of Laws Nr. 106 par. 610).

President of the Republic: I. Moscicki.

President of the Council of Ministers and Minister of War:

J. Pilsudski.

Minister K. Bartel.
Minister of the Interior: Slawoy-Skladkowski.
Minister for Foreign Affairs: August Zaleski.
Minister of Finance: G. Czechowicz.
Minister of Justice: A. Meysztowicz.
Minister of Education and Cults: Dr. Dobrucki.
Minister of Agriculture and State Domains: K. Niezabytowski.
Minister of Commerce and Industry: E. Kwiatkowski.
Minister of Railways: Romocki.
Minister of Public Works: Moraczewski.
Minister of Labour and Social Welfare: Dr. Jurkiewicz.
Minister of Agrarian Reforms: Witold Staniewicz.
Minister of Posts and Telegraphs: Boguslaw Miedzinski.

A true and exact translation. Warsaw this 14 of October 1927. Register Nr. 4938. (–) E. Staczynski, Sworn Translator. L.S.

[Seal]

9. LOAN AGREEMENT BETWEEN THE REPUBLIC OF POLAND AND THE FISCAL AGENTS FOR THE LOAN, providing for the creation, issue and security of Stabilization Bonds.

Loan agreement dated the 15 day of October 1927, between the Government of the Republic of Poland, acting through its Minister of Finance, hereinafter called the " Republic ", and Bankers Trust Company and The Chase National Bank of the City of New York, hereinafter called the " Fiscal Agents ".

Preliminary.

The Republic makes the following declarations and agreements:

(*a*) In virtue of all the powers it hereunto enabling, the Government of the Republic of Poland has determined to contract a loan, as hereinafter described, for the purpose, among other things, of providing the Republic with funds requisite to enable it to carry out a comprehensive Plan of Stabilization whereof a copy is annexed hereto as Exhibit A.* The Republic has adopted such Plan and undertakes to carry the same into effect as an entirety.

(*b*) The Republic has issued, or will forthwith issue, decrees having the force of law, or regulations, or bring about the enactment of the laws, necessary to give legal effect to those specific measures contemplated by the Plan to be taken upon its coming into operation.

(*c*) The Minister of Finance, by virtue of Decree of the President of the Repubic dated October 13, 1927, such decree being made by virtue of powers conferred under the law of

---

* Exhibit A appears herein as document Number 1 and is not reprinted as part of the Loan Agreement.

August 2, 1926, is duly authorized to conclude and to carry out this contract for the creation and issue of Bonds and the creation of security therefor, all as hereinafter provided, and to sell such Bonds.

Chapter First.

THE BONDS.

Article one.—The Bonds covered by this Agreement and entitled to the benefit hereof constitute the Stabilization Loan of 1927. The Bonds shall be dated October 15, 1927, shall mature October 15, 1947, and shall bear interest at the rate of 7% per annum, payable semi-annually at the close of each six months' period, on each fifteenth day of April and of October.

Article two.—The aggregate principal amount of Bonds shall be and not exceed (except as Bonds may be issued pursuant to Article fifteen of this Chapter) Sixty two million dollars ($62,000,000) of the United States of America (which shall be known as " Republic of Poland, 7% External Sinking Fund Gold Bonds, Stabilization Loan, 1927") and Two million English pounds sterling (£2,000,000) (which shall be known as " Republic of Poland 7% Stabilization Bonds, 1927 "). The word " Bonds " in this Agreement includes both dollar and sterling Bonds except where the context indicates otherwise.

Article three.—In the case of dollar Bonds, all payments of principal, interest and premium, including principal and premium of Bonds called by the Sinking Fund, shall be made in gold coin of the United States of America of or equal to the standard of weight and fineness existing October 15, 1927, or at the option of the bearer or registered owner of the Bonds and/or bearer of the coupons in English pounds sterling at the rate of $4.8665 per pound sterling, or in Swiss francs of the gold standard of weight and fineness existing on such date at the rate of 5.183 Swiss francs per dollar, or in Dutch florins of the gold standard of weight and fineness existing on such

date at the rate of 2.488 florins per dollar, or in Swedish kronor of the gold standard of weight and fineness existing on such date at the rate of 3.731 kronor per dollar or shall be collectible at the option of the bearer or registered owner of the Bonds or bearer of the coupons in French francs at the buying rate for sight exchange on New York of the associate Fiscal Agent in France on the date of presentation for collection.

In the case of sterling Bonds such payments shall be made in English pounds sterling or at the option of the bearer in dollars of the United States of America of or equal to the gold standard of weight and fineness existing October 15, 1927, at the fixed rate of $4.86 per pound sterling.

Such payments if in dollars shall be made at the offices of the Fiscal Agents in the United States of America or if in sterling, at the office of Lazard Brothers & Co., Ltd., as the associate Fiscal Agent in Great Briatin, or its successor, or if in French francs, shall be collected at the office of Banque de Paris et des Pays Bas as the associate Fiscal Agent in France, or its successor, or if in Swiss francs or Dutch florins or Swedish kronor, shall be made at such offices in Switzerland, The Netherlands or Sweden respectively as the Fiscal Agents may designate as hereinafter provided.

If, however, five years after all of the Bonds shall have been called or matured and moneys provided by the Republic for the payment thereof, there still remain in the control of the Fiscal Agents moneys in respect of Bonds or coupons not presented for payment, such moneys shall thereupon, at the request of the Republic, be returned to the Republic, and the holders of the outstanding Bonds and coupons shall thereupon be entitled to receive payment only at the office of the Treasury of the Republic at Warsaw.

Article four.—Principal, interest, Sinking Fund and premium shall be paid by the Republic, in so far as it is concerned, in time of war as well as in time of peace, irrespective of the nationality or residence of the bondholder or coupon holder and whether or not the bondholder or coupon holder is a citizen of

a friendly or a hostile state, and without requiring any declaration as to the citizenship or residence of such holder, or as to the length of time such holder has been in possession of such Bond or coupon; and free of all taxes or imposts of whatsoever nature, now or hereafter levied by or within the Republic.

Article five.—For the amortization of the Bonds the Republic will provide a Sinking Fund as provided in Chapter Fourth hereof.

Article six.—The definitive dollar Bonds shall be in denominations of $1,000, $500 and $100 and the sterling Bonds shall be in denominations of £500 and £100. Dollar Bonds of the denomination of either $1,000 or $500 shall be exchangeable for an equal aggregate principal amount of dollar Bonds of the other denomination. Dollar Bonds of the denomination of $100 may be exchanged for an equal aggregate principal amount of dollar Bonds of the denomination of $1,000 or $500 but Bonds of the denomination of $1,000 or $500 may not be exchanged for Bonds of $100 denomination. All exchanges of denominations of Bonds shall be made in accordance with such reasonable regulations as the Fiscal Agents may prescribe upon payment by the bearer or registered owner of a reasonable fee fixed by the Fiscal Agents to cover the cost of the exchange. The sterling Bond shall not be interchangeable.

Article seven.—The definitive Bonds shall be bearer Bonds with coupons representing each semi-annual interest payment falling due between the date of issue and date of maturity (both dates inclusive). The dollar Bonds shall be registerable, as to principal only, by such financial institution or institutions as the Fiscal Agents may from time to time designate, as Registrars, at which the Republic shall cause to be maintained books for the registration and transfer of the Bonds. The fees of the Registrars shall be borne by the Republic.

The sterling Bonds shall not be registerable.

Article eight.—Every dollar Bond shall be transferable by delivery, unless registered as to principal in the name of the

owner upon the registration books. After such registration, no transfer shall be valid unless made on said books by the registered owner, or by duly authorized attorney, and similarly noted on the Bond. But any dollar Bonds may be discharged from registration by being in like manner transferred to bearer, and thereupon shall become transferable by delivery; and such dollar Bonds may again, from time to time, be registered or transferred to bearer as before. Such registration shall not affect the negotiability of the coupons, and every coupon shall always continue to be transferable by delivery, and shall remain payable to bearer, and payment thereof to bearer shall fully discharge the Republic and the Fiscal Agents in respect of the interest therein mentioned, whether the Bonds to which such coupons appertain be registered or not.

The sterling Bonds and the coupons thereto annexed shall pass by delivery.

Article nine.—As to every dollar Bond registered as to principal, the person in whose name the same is registered shall for all purposes, except the payment of interest represented by the coupons, be deemed the owner thereof, and payment of or on account of the principal shall be made only to or upon the order of such registered owner.

Article ten.—The Republic and its Agents may treat the bearer of any Bond not registered, and the bearer of any coupon for interest on any Bond, whether such Bond be registered or not, as the absolute owner of such Bond or of such coupon for the purposes of receiving payment thereof and for all other purposes mentioned in this Agreement, any notice to the contrary notwithstanding.

Article eleven.—The text of the Bonds and coupons shall be in English and the form and text shall be satisfactory to the Fiscal Agents and in conformity with the requirements of the New York Stock Exchange and of any other exchanges where the Bonds are to be listed. The Bonds shall contain a provision whereby the Republic certifies and declares that all acts,

conditions and things required to be done and performed and to have happened precedent to and in the creation and issue of the Bonds, have been done and performed and have happened in due and strict compliance with the Constitution and laws of the Republic of Poland.

Article twelve.—Pending the engraving and execution of definitive Bonds, the Republic shall execute and deliver one or more temporary printed Bonds, in such denominations and currencies as the Fiscal Agents may request, and substantially of the tenor of the Bonds herein described, but without coupons or with not more than two coupons, and with such appropriate variations from the form of definitive Bonds as the Fiscal Agents may approve. Subject to such regulations as the Fiscal Agents with the concurrence of the Republic, may prescribe, temporary Bonds shall be exchangeable without cost to the holder, for the same aggregate amount of other temporary Bonds without coupons or with not more than two coupons, or of definitive Bonds. The Republic will cause such other temporary Bonds and the definitive Bonds to be prepared, executed and delivered free of charge to the Fiscal Agents or at such place or places as they may request as promptly as possible for the purpose of making such exchanges. The Fiscal Agents shall have charge, on behalf of the Republic, of all matters in regard to the preparation of the temporary and definitive Bonds.

Article thirteen.—The definitive dollar Bonds shall be signed by the Minister of the Republic at Washington, D. C., or any other duly authorized representative of the Republic. The definitive sterling Bonds shall be signed by the Minister of the Republic at London, or any other duly authorized representative of the Republic. In addition to such signature, the definitive Bonds shall bear the facsimile signature of the Minister of Finance of the Republic and facsimile signature on behalf of the Commission of Control of the Public Debt, and shall be sealed with the Seal of the Republic or of one of its Embassies or Legations. The coupons on the definitive Bonds shall like-

wise bear the facsimile signature of the Minister of Finance of the Republic. The coupons, if any, on the temporary Bonds shall bear the facsimile or manual signature of the person who signs such temporary Bonds.

The temporary Bonds shall be signed by the Minister of Finance or some other duly authorized representative of the Republic, shall bear facsimile signature on behalf of the Commission of Control of the Public Debt and shall be sealed with the Seal of the Republic or of one of its Embassies or Legations.

The Republic hereby authorizes the Fiscal Agents to issue or cause to be issued Interim Receipts for the dollar Bonds and the associate Fiscal Agent in Great Britain to issue Scrip Certificates for the sterling Bonds.

Article fourteen.—The temporary and definitive Bonds shall be registered or countersigned (for identification) by the Fiscal Agents, or one of them, or some responsible financial institution selected by them, and of whose selection the Republic shall be notified. Such registration or countersignature shall be conclusive evidence, and the only evidence, that the Bonds have been duly issued hereunder. All expenses of registration or countersignature shall be paid by the Republic.

Article fifteen.—In case any Bond or coupon shall be mutilated, stamped, destroyed, lost or stolen, the Republic shall execute and issue and the Fiscal Agents, or the associate Fiscal Agent in Great Britain with respect to the sterling Bonds, shall cause to be registered or countersigned and delivered, a new Bond or coupon of like tenor and denomination, and which may in the discretion of the Fiscal Agents, or the associate Fiscal Agent in Great Britain with respect to the sterling Bonds, bear the same serial number (except that in case stamped dollar Bonds or coupons not otherwise mutilated are surrendered in exchange for dollar Bonds or coupons not stamped, the new Bond or coupon shall bear a different serial number) in exchange for and upon surrender and cancellation of such mutilated or stamped Bond (with its coupons, if any), or

coupon, or in lieu of and substitution for the Bond (with its coupons, if any), or coupon, so destroyed, lost or stolen. The applicant for such substituted Bond or coupon shall furnish evidence of the destruction, loss or theft of the Bond (with its coupons, if any), or coupon so destroyed, lost or stolen, and indemnity. The evidence and the indemnity shall be satisfactory to the Fiscal Agents, or to the associate Fiscal Agent in Great Britain, with respect to the sterling Bonds, and to the Republic acting through its diplomatic representative at Washington, or at London, with respect to the sterling Bonds. The applicant for the Bond or coupon to be given in exchange or substitution shall pay the cost of preparation and issue thereof.

Article sixteen.—Any notices to bearers or registered owners of Bonds or bearers of coupons for which provision is not specifically made in this Agreement may be given in the manner provided for redemption of Bonds through the Sinking Fund pursuant to Article three of Chapter Fourth hereof, or in such other manner as the Fiscal Agents in their discretion may approve.

Chapter Second.

APPLICATION OF PROCEEDS.

Article one.—The Republic agrees that the net proceeds of the Loan shall be applied as and only as specified in Part IV of the annexed Plan. It is recognized, however, that the figures therein contained are approximate and indicative only, and the amounts as therein set forth are subject to modification in detail as may hereafter be agreed between the Republic and the Fiscal Agents or the Adviser as their representative.

Article two.—If and as the Government (with the concurrence of the Adviser, so long as he shall be in office) shall consider that all or any part of the revolving fund contemplated by Part IV, par. 2 of the annexed Plan is not required for the purposes for which it has been created, it may be employed to such extent to the redemption of Bonds under the provisions of Article five of Chapter Fourth, or, whether or not Bonds be

then redeemable under such Article, to the purchase of Bonds at such prices as the Republic may approve and which may be in excess of the redemption price. Bonds so purchased shall be cancelled as provided in Article six, Chapter Fourth.

Article three.—As provided in the annexed Plan, the net proceeds of the sale of the Bonds, after deduction of expenses incident to the issue, etc., will be paid to the Bank of Poland and it will be arranged between the Republic and the Bank of Poland that the zloty equivalent will be deposited with the Bank of Poland in a special account, subject to being released to the Republic, without undue delay, as to principal, only for purposes authorized as hereinabove provided. Any drafts against such special account will require the written or cabled authorization or countersignature of the Adviser named in the Plan, as representative of the Fiscal Agents.

Chapter Third.

SECURITY.

Article one.—The Bonds and the coupons thereto attached shall constitute the direct obligation of the Republic which pledges its full faith and credit for the due and punctual payment of principal, premium, interest and Sinking Fund and any other amounts required for the service of the Loan, and for the due performance by the Republic of all of its obligations as set forth herein and in the Bonds and coupons.

Article two.—As specific security for the Bonds and coupons and for the performance of all said obligations, the Republic hereby assigns to the Fiscal Agents for the service of the Bonds and such obligations, all gross revenues and income of whatever character received by or on account of the Republic from duties, imposts, taxes and charges of whatever character imposed by it or by its authority or for its account upon or in respect of importations and exportations (the latter so long as export duties are maintained), and including any customs revenues such as those of the Free City of Dantzig in which the

Republic has or may hereafter have any interest, and the Republic hereby creates a first charge and lien on all such revenues to secure the indebtedness evidenced by the Bonds and coupons and this Agreement.

Article three.—The Republic undertakes that it will throughout the life of the Bonds maintain taxes, imposts, duties, and charges so that the assigned revenues under the preceding Article shall at all times be sufficient to meet the service of the Loan and all obligations of the Republic hereunder and that the taxes, imposts, duties and charges, the revenues and income in respect of which are assigned, shall be payable only in legal currency of the Republic and not in Bonds, warrants, scrip, coupons or other like obligations of the Republic. The Fiscal Agents, through their representative in Poland, shall be furnished by the Government with information in such detail as they may reasonably require with reference to assigned revenues and the estimated effect of any proposed alterations of duties, imposts, taxes or charges which produce them.

Article four.—The assigned revenues shall forthwith upon their receipt by or on account of the Republic be deposited with the Bank of Poland in a special account known as "Account of the Fiscal Agents of the External Loan 1927".* Such account, except as herein expressly provided, can be drawn against only by the Fiscal Agents or their representative in Poland and for the purposes provided in this Agreement. At the end of each month, or earlier if the amount in such account earlier equals one-sixth of the current semi-annual service charge of the Loan, as specified in Chapter Fourth, the Fiscal Agents, acting through their authorized representative in Poland, as hereinafter mentioned, shall transfer the amount in such account, up to such one-sixth, to accounts of the Fiscal Agents outside of Poland, after first converting the same into one or more of the stabilized currencies of the Bonds. In the event, however, that the Republic shall in any month have anticipated such transfer by payment to the Fiscal Agents out of other funds or assigned

* In his first report the Adviser describes the procedure adopted to carry out this provision. See supra, pp. 191, 192.

revenues released to it, the Republic shall be credited therewith and the transfers hereunder reduced accordingly.

So long as the Republic shall not be in default hereunder, and subject to the provisions of Article six of this Chapter, as soon as the representative in Poland of the Fiscal Agents shall have transferred to the Fiscal Agents in any month the amount specified above, together with an amount equal to any deficits of preceding months, and the Fiscal Agents, directly or through their representative, shall have acknowledged to the Bank of Poland that they have received such sums as contemplated hereby (which they shall do without delay), then all additional and further funds which in such month shall be paid into the "Account of the Fiscal Agents of the External Loan 1927" may be drawn freely against by the Republic.

The deposit of the assigned revenues into such account shall commence November 1, 1927, and there shall be deposited in such account on or before November 30, 1927, the full amount necessary to constitute the first payment of one-sixth of the current semi-annual service charge.

Article five.—The Fiscal Agents will at all times maintain a representative in Warsaw satisfactory to them, with authority to transfer assigned revenues for account of the Fiscal Agents in accordance with the provisions and intent of the Agreement. Any representative so appointed may be removed and a substitute appointed by the Fiscal Agents, and the Fiscal Agents, in so far as feasible, will maintain as their representative a person or institution which is *persona grata* to the Republic.

As their representative, the Fiscal Agents hereby appoint with full authority as aforesaid the person who is the Adviser under the attached Plan of Stabilization. Upon the termination of the functions of the Adviser, the Fiscal Agents will appoint the Bank of Poland as their representative.

Article six.—In accordance with the information which has been furnished by the Republic, the assigned revenues are, and for three years last past have been of an average annual aggregate amount equal to not less than four times the maximum

annual service charge of the Loan. In the event that, in any month, it proves to be the fact that the assigned revenues paid into the account of the Fiscal Agents during the preceding twelve months shall have been less than twice the current annual service charge of the Loan, on the basis of the value of the zloty at the time of calculation, then the assigned revenues in lieu of being released to the Republic as contemplated by Article four above, shall be retained in the account of the Fiscal Agents and subject to transfer only at their direction for the purposes of the Loan service until there has been created a special surplus in the account of the Fiscal Agents equal to the maximum annual service charge, and assigned revenues will be released to the Republic as contemplated in said Article four only subject to the creation and maintenance of such surplus; provided, however, that whenever the assigned revenues for the twelve preceding months shall again amount to three times the current annual service charge, then any such special surplus shall forthwith be released to the Republic and the régime contemplated by Article four hereof shall be restored. Assigned revenues for the purpose of this Article six shall be deemed to be duties, charges, imposts and taxes on imports and exports as provided by Article two and also any other distinctive sources of revenues of the Republic which the Republic may, at its option, irrevocably, for the life of the Bonds, assign and charge for the service of the Loan in the same manner as the Customs revenues are assigned and charged as provided by Article two of this Chapter and which the Fiscal Agents may accept, which they are authorized to do without thereby assuming any liability or responsibility to the bondholders.

Article seven.—In the event of any failure on the part of the Republic to pay the interest, Sinking Fund, principal or premium of the Bonds as contemplated thereby and hereby or to comply with any other covenant herein contained for the benefit of the Bonds, and if such failure or default shall have existed for a period of six (6) months, the entire principal amount of the Bonds at the time outstanding together with the

premium thereon may be declared and shall become due by election of the holders of at least Twenty-five per cent in amount of the outstanding Bonds, such election to be evidenced by declaration communicated to the Fiscal Agents and by them to the Republic.

Chapter Fourth.

SERVICE OF BONDS.

Article one.—The amount required for the semi-annual service of the Bonds to be issued hereunder, exclusive of the amounts payable by the Republic to the Fiscal Agents for their compensation, shall consist of semi-annual service payments comprising:

(A) The semi-annual Sinking Fund payment which for each six months' period

Between October 15, 1927 and October 15, 1931 shall be 2% of 103% of the maximum principal amount of the Bonds;

Between October 15, 1931 and October 15, 1935 shall be 2¼% of 103% of the maximum principal amount of the Bonds;

Between October 15, 1935 and October 15, 1939 shall be 2½% of 103% of the maximum principal amount of the Bonds;

Between October 15, 1939 and October 15, 1943 shall be 2¾% of 103% of the maximum principal amount of the Bonds, and

Between October 15, 1943 and October 15, 1947 shall be 3% of 103% of the maximum principal amount of the Bonds.

(B) The semi-annual interest instalment, consisting of an amount equal to six months' interest on all Bonds not redeemed or otherwise retired prior to the next succeeding semi-annual interest date.

Such semi-annual Sinking Fund instalments are calculated to retire the entire issue of the Bonds not later than maturity. Whenever reference is herein made to the current *annual*

service payment or charge it shall be deemed to be twice the current semi-annual service payment as above.

Article two.—From the revenues specifically assigned as security for the Bonds, and/or from its other resources or funds, the Republic shall place in the hands of the Fiscal Agents on or before the end of each calendar month, an amount equal to at least one-sixth of the current semi-annual service payment, and on or before 45 days prior to each interest date an amount which with other amounts held by the Fiscal Agents shall be equal to such current semi-annual service payment.

For the purposes of this Agreement service payments to be made during March and April and during September and October shall be calculated as though to be made within the balance of the six months' period ending September 1 and March 1, respectively.

Article three.—The semi-annual service payment shall be applied to the amortization of the Loan as follows:

Whenever, in each semi-annual period, the Fiscal Agents shall have received and set aside for interest an amount equal to the next semi-annual interest instalment on all Bonds then outstanding, further sums received prior to 45 days before the next interest date shall be applied by the Fiscal Agents, to purchase Bonds for the Sinking Fund, if obtainable at not more than the redemption price and accrued interest. Bonds so acquired shall be redeemed or retired for the Sinking Fund as of the interest date first succeeding their acquisition. The amount of accrued interest on Bonds so purchased may be paid out of the current interest fund held by the Fiscal Agents as aforesaid.

The difference, if any, between the principal cost of Bonds so purchased and the redemption price, and the difference between accrued interest thereon and the six months' interest shall be credited to the next semi-annual Sinking Fund payment.

Any cash balance of the current semi-annual Sinking Fund payment held by the Fiscal Agents 45 days prior to the interest

date, and constituting an excess over the current semi-annual interest instalment (and excluding moneys to be credited as aforesaid to the next semi-annual Sinking Fund payment) shall be applied to the redemption, at 103% of their principal amount, of Bonds called by lot as follows:

Not more than 45 days and not less than 35 days prior to each interest date the Fiscal Agents shall call Bonds at the redemption price in an amount sufficient to exhaust, as nearly as may be practicable, the cash held by them as representing the semi-annual Sinking Fund payment (and provided such cash amounts to at least $51,500). Bonds shall be drawn in the following manner:

The particular Bonds to be redeemed shall be determined by lot by drawings conducted by the Fiscal Agents (and/or, in the case of sterling Bonds, by the associate Fiscal Agent in Great Britain) not later than 35 days preceding such next interest date. A representative of the Republic may be present at such drawings, if the Republic so requests. Notice of the dollar Bonds so drawn for redemption shall be published, at least two times in one or more newspapers of general circulation in the City of New York and such other cities, if any, as may be selected by the Fiscal Agents and notice of the sterling Bonds so drawn for redemption shall be published at least once in one or more newspapers of general circulation in the City of London and such other cities, if any, as the Fiscal Agents may determine. The first publication shall be made at least 30 days immediately preceding the next interest date. Such notice shall state the distinctive numbers of the Bonds to be redeemed (unless all outstanding Bonds are to be redeemed), the date of redemption, which shall be the next interest date, and the places for surrender and payment. In the case of registered Bonds so drawn, notice may be mailed to the registered owner. On or after such date and at one of the places so specified in the notice, the holder of each Bond so called for redemption may surrender the same, with all coupons maturing after such date. Upon such surrender, there shall be paid to the holder of such Bond, out of funds provided for that purpose by the

Republic, the redemption price of such Bond. Any Bond so called for redemption and for the payment of which funds shall have been provided by the Republic, shall cease to bear interest after such redemption date, and all coupons for subsequent interest shall be void.

Article four.—In lieu of the whole or any part of any Sinking Fund payment, or instalment thereof, the Republic may deliver Bonds to the Fiscal Agents for cancellation for the Sinking Fund, such Bonds to bear all coupons maturing after the next interest date. Such Bonds shall be credited at the redemption price and must have been purchased by the Republic (as certified to the Fiscal Agents) at not more than the redemption price and accrued interest. Bonds to be credited as aforesaid can be delivered to the Fiscal Agents not later than the day preceding the first date on which the Fiscal Agents are authorized to draw Bonds by lot on account of such Sinking Fund payment and Bonds so delivered shall be deemed to be redeemed or retired as of the next interest date.

Article five.—In addition to the amortization of the Loan through the semi-annual Sinking Fund payments, the Republic may, at its option, redeem the Bonds on October 15, 1937 or on any interest date thereafter in whole or in part, by call by lot at 103 per cent of their principal amount. The manner of redemption and notice thereof shall be as provided by the last paragraph of Article three of this Chapter. Notice of election to redeem and funds for redemption under this Article shall be given to the Fiscal Agents not less than 45 days prior to the redemption date.

Article six.—All Bonds acquired for the Sinking Fund, or otherwise redeemed, and the coupons thereto appertaining, shall be cancelled and returned to the Republic, or shall be cremated and a cremation certificate furnished to the Republic, and no Bonds shall be issued in lieu thereof.

Article seven.—Nothing herein contained shall impose any obligation on the Fiscal Agents, or on any sub-Fiscal Agents

or associate Fiscal Agents, to redeem or acquire any Bond or Bonds or to make any payment with respect to the Bonds or coupons, except out of funds previously received from the Republic for such purposes.

Chapter Fifth.

THE FISCAL AGENTS.

Article one.—The Republic hereby appoints Bankers Trust Company and The Chase National Bank of the City of New York and their respective successors by merger or consolidation or which shall take over their respective businesses as an entirety, the Fiscal Agents of the Republic for all purposes relating to the Bonds and the service of the Loan represented thereby; and said institutions hereby accept such Fiscal Agency, subject to the provisions of this Agreement. Such appointment, unless sooner terminated as hereinafter provided, will continue until all of the Bonds have been paid or until moneys provided for payment become returnable to the Republic as contemplated by Article three, Chapter First.

Article two.—The Fiscal Agents may appoint one or more sub-Fiscal Agents or associate Fiscal Agents in the United States of America or in Europe, approved by the Republic, as paying agents for the principal and interest of the Bonds and with whom the Fiscal Agents may deposit funds of the Republic designated for the payment of principal or of interest on the Bonds and whose names may appear on the Bonds and coupons. The Republic shall not, however, itself have to treat with other than the Fiscal Agents with respect to the service of the Loan.

Article three.—The Fiscal Agents may make such arrangements as under current banking practice are appropriate for the interchange of funds and in general for facilitating the payment of Bonds and coupons at the different places where they may be presented for payment or collection. The Republic shall be credited or debited as the case may be with any net profit or net loss or cost which may result from the conversion

of moneys from one currency into another of the currencies named in the Bonds in connection with the remittance or exchange of funds necessary for service payments. In making such conversions the Fiscal Agents will exercise their best judgment on behalf of the Republic.

Article four.—Any sub-Fiscal Agent or associate Fiscal Agent may be removed by the Fiscal Agents, who may appoint successors in the same manner as contemplated by Article two of this chapter.

Article five.—The Fiscal Agent shall not be deemed, by virtue of this Agreement, to be trustees for, nor agents of, the bondholders. They shall not be under any duty to the bondholders to make any request of the Republic, or to take any action on behalf of the bondholders with respect to the obligations or covenants of the Republic under this Agreement, but may do so and act for and represent the bondholders if they so determine.

Article six.—The Fiscal Agents will be indemnified by the Republic for all losses and expense incurred by them, directly or on behalf of the sub-Fiscal Agents or associate Fiscal Agents, on account of any claims or proceedings brought on behalf of any bondholder or person claiming to be a bondholder, provided such loss or expense is not due to any failure to exercise in good faith their duties under this Agreement.

Article seven.—Each of the Fiscal Agents and the sub-Fiscal Agents and associate Fiscal Agents and their representatives, shall be answerable to the Republic or to the bondholders only for its own individual failure to exercise good faith or for failure to exercise reasonable care.

Article eight.—The Fiscal Agents, or either of them, may at any time resign by giving notice of such intention to the Republic, specifying the date on which such resignation shall become effective, provided that such notice shall not be less than 90 days, unless the Republic agrees to accept less notice.

In the event of the resignation of a Fiscal Agent such Fiscal Agent will put at the disposition of the remaining or successor Fiscal Agent all such information and accounting as to the service of the Loan as will permit the service to proceed without interruption. The Republic shall at all times maintain at least one Fiscal Agent to attend to the service of the Loan which shall be a responsible financial institution of New York City.

Article nine.—The Fiscal Agents or the sub-Fiscal Agents or associate Fiscal Agents shall not incur any liability whatsoever to the Republic or to the bondholders or to anyone else, in acting in reliance upon any Bond, coupon or other instrument which appears to them to be genuine, provided they show that they so acted in good faith.

Article ten.—The Fiscal Agents and the sub-Fiscal Agents or associate Fiscal Agents may purchase or otherwise deal in any of the Bonds, with the same rights as though not acting as such.

Article eleven.—All moneys received by the Fiscal Agents for the service of the Loan may be held until paid out in accordance with the terms of this Agreement, as a general deposit.

Chapter Sixth.

MISCELLANEOUS PROVISIONS.

Article one.—Any notice, request or instruction or order which may be required or permitted to be given hereunder by one party to another shall be deemed sufficient (unless herein otherwise expressly provided), if given as follows:

(A) If from the Fiscal Agents to the Republic, by the President or a Vice-President of one of the Fiscal Agents, by a writing delivered to the Polish Legation at Washington, D. C., or by writing or cable confirmed in writing addressed to the Minister of Finance, Warsaw, Poland.

(B) If from the Republic to the Fiscal Agents, by delivery at the office of the Fiscal Agents or either of

them, in the City of New York, of a writing over the signature of the Minister of the Republic of Poland at Washington, D. C., or Consul of Poland at New York City, or by cable addressed to the Fiscal Agents or one of them at its office in the City of New York by the Minister of Finance of the Republic of Poland and confirmed in writing delivered through the Legation of the Republic of Poland at Washington, D. C.

(C) If from the representative at Warsaw of the Fiscal Agents, or an associate Fiscal Agent or sub-Fiscal Agent, by a writing or cable signed by them or any of them, if an individual, or if a corporation or firm, by a president or vice-president or managing director, or member of the firm.

Article two.—Any person named or referred to in this Agreement and entitled to the benefit hereof, may act in reliance on any cable or notice purporting to proceed from a due authority and reasonably believed by the recipient to be genuine.

Article three.—In case the Republic should be unable to make the payments herein contemplated in New York City, or in England, Switzerland, The Netherlands or Sweden, or if the payments cannot be collected in France, on account of a state of war or otherwise, the Republic shall deposit all such payments in a bank designated by the Fiscal Agents and approved by the Republic, in any neutral country.

Article four.—Provision will be made by the Republic to list and maintain the listing of the Bonds upon the New York Stock Exchange and the exchanges in other countries where the Bonds may have been publicly offered, if and so long as such listings are, in the judgment of the Republic and the Fiscal Agents warranted in the interest of the bondholders in such countries respectively. The Republic shall pay the reasonable expenses of such listing and maintenance thereof, including the stamps, taxes, listing fees, etc.

Article five.—In compliance with any reasonable request made by the Fiscal Agents at any time, the Republic will fur-

nish them with all information in regard to its revenues, expenses, financial affairs and general condition, in so far as the same is relevant to the external obligations of the Republic evidenced hereby or by the Bonds.

Article six.—The rights and obligations under this Agreement shall inure to the benefit of and be binding on the Republic on the one hand, and, on the other hand, the Fiscal Agents, as well as their successors as Fiscal Agents.

IN WITNESS WHEREOF, the Government of the Republic of Poland has caused this Agreement to be duly executed on its behalf by Gabrjel Czechowicz, its Minister of Finance, and Bankers Trust Company and The Chase National Bank of the City of New York have caused this Agreement to be duly executed on their behalf by their duly authorized representatives, Mr. Henri Fischer and Mr. Jean Monnet, respectively, in three counterparts of which the Government of the Republic of Poland, Bankers Trust Company and The Chase National Bank of the City of New York will each retain one, all as of the day and year first above written.

FOR
THE GOVERNMENT OF THE REPUBLIC OF POLAND
G. CZECHOWICZ
Minister of Finance.

[Seal bearing
Following Words:
RZECZPOSPOLITA
POLSKA
MINISTERSTWO
SKARBU.]

FOR
BANKERS TRUST COMPANY
H. FISCHER [L. S.]
Vice President.

FOR
THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK
JEAN MONNET [L. S.]
Attorney in fact.

CONSULATE GENERAL
OF THE UNITED STATES OF AMERICA } SS.:
City of Warsaw Republic of Poland

On this fifteenth day of October, 1927, before me personally came Mr. GABRJEL CZECHOWICZ, who, being by me duly sworn, did depose and say: that he resides in the City of Warsaw, Republic of Poland; that he is the Minister of Finance of said Republic of Poland duly empowered to act for and on behalf of said Republic, and that he affixed his signature and executed and delivered the foregoing instrument by authority of and pursuant to the laws of the Republic of Poland.

W. A. LEONARD
Consul of the United States of America
[Seal American Consulate General,
Warsaw, Poland.]
Service No. 25525
(no fee)

CONSULATE GENERAL
OF THE UNITED STATES OF AMERICA } SS.:
City of Warsaw Republic of Poland

On the fifteenth day of October, 1927, before me personally came Mr. HENRI FISCHER, who, being by me duly sworn, did depose and say: that he resides in Paris, France; that he is the Vice-President of Bankers Trust Company, the Corporation described in and which executed the foregoing instrument, and that he affixed his signature and executed and delivered the foregoing instrument on behalf of and by authority of the Board of Directors of said Corporation.

W. A. LEONARD
Consul of the United States of America
[Seal American Consulate General,
Warsaw, Poland.]
Service No. 25525A
(no fee)

CONSULATE GENERAL
OF THE UNITED STATES OF AMERICA } ss.:
City of Warsaw Republic of Poland

On the fifteenth day of October, 1927, before me personally came JEAN MONNET, who, being by me duly sworn, did depose and say: that he resides in Paris, France; that he is the duly authorized attorney in fact of The Chase National Bank of the City of New York, the Corporation described in and which executed the foregoing instrument, and that he affixed his signature to and executed and delivered the foregoing instrument on behalf of and by authority of the Board of Directors of said Corporation.

W. A. LEONARD
Consul of the United States of America
[Seal American Consulate General,
Warsaw, Poland.]
Service No. 25525B
(no fee)

10. COMMUNICATION FROM THE MINISTER OF FINANCE relative to the employment of so much of the proceeds of the Stabilization Loan as is in excess of the amount contemplated by the Stabilization Plan.*

Varsovie, le 15 Octobre 1927.

Bankers Trust Company,
Blair and Co., Inc.,
Chase Securities Corporation.

MESSIEURS,

Etant donné que le net produit de l'emprunt de stabilisation, 1927, pourrait depasser le chiffre d'environ 60 millions de dollars, mentionné dans le plan de stabilisation, je tiens à vous dire que l'excedent sera utilisé conformèment au plan de stabilisation et d'accord avec l'Adviser.

Le Ministre des Finances
De la Republique Polonaise:
G. CZECHOWICZ.

Translation of letter dated 15th October, 1927:

Warsaw.

Bankers Trust Company,
Blair and Co., Inc.,
Chase Securities Corporation.

DEAR SIRS:

In view of the fact that the net proceeds of the 1927 stabilization loan may exceed the figure of about sixty million dollars mentioned in the Stabilization Plan, I wish to inform you that the excess will be used in accordance with the Stabilization Plan and as agreed with the Adviser.

(Signed) G. CZECHOWICZ,
Minister of Finance of the Polish Republic.

* The excess was actually placed in the fund which was created by the Plan to provide for economic development. See Report of Adviser, p. 189.

11. COMMUNICATION FROM MINISTER OF FINANCE relative to submission to the Diet of the two decrees of October 13, 1927, relative to stabilization.

MINISTER SKARBU

Warsaw, October 22, 1927.

Bankers Trust Company,
Chase Securities Corporation,
Blair and Co. Inc.,
and their associates,
Care of Messrs. Sullivan & Cromwell,
49 Wall Street,
New York, N. Y.

Re: *Stabilization Loan of 1927.*

DEAR SIRS,

I have the honor to inform you that the Government will submit the decrees relative to the Program of Stabilization and contraction of a foreign loan, relative to revalorizing the Zloty and relative to amendment of the Bank of Poland statutes, to the Diet promptly upon the reconvening of the Diet and within the period provided in art. 44 of the Constitution.

I have the honor to remain, gentlemen

Very truly yours,

G. CZECHOWICZ
Minister of Finance of Republic of Poland

12. COMMUNICATION FROM THE COMMISSION OF CONTROL OF PUBLIC DEBT relative to signature of Stabilization Bonds and formulation of supplementary budget.

(Translation.)

Marshall of the Senate
of the Republic of Poland. Warsaw, October 25th.1927.

To the Minister of Finance,
Warsaw.—

At the sitting held on the 18th. inst. the Commission of the Control of the Public Debt have decided the following:

1. To delegate Mr. Osiecki and Mr. Michalski, the two members of the Commission to sign the Loan Bonds;
2. To invite the Government to furnish without delay the Diet with a supplementary budget bill for the year 1927/28 in accordance with the program of stabilization promulgated as an enclosure to the Presidential Decree of 13th. October 1927 (J.L.R.P.Nr.88, Oct.789.)

The Chairman of the Commission
of the Control of Public Debt.
(—) Trampczynski

A true translation:

A. Thebaud Nagorski
Dr. A. Nagórski

13. EXTRACT FROM THE MINUTES OF THE SIXTY-FIFTH MEETING of the Council of the Bank of Poland, of November 5, 1927, relative to increase of Bank Capital. (Translation.)

. . . . Pursuant to Art. 4 of the old Statutes, the Council unanimously voted to increase the stock capital up to 150.000.000 Zloty.

A true copy (signed) Z. Karpinski, Secretary of the Council of the Bank.

A True and Exact Translation
Warsaw this 9 of November 1927
Register No. 5501
E. Staczynski
Sworn Translator

14. MINUTES OF EXTRAORDINARY GENERAL MEETING OF THE SHAREHOLDERS OF THE BANK OF POLAND, amending the Statutes of the Bank. (Translation.)

Minute

of the Extraordinary General Meeting of the Shareholders of the Bank of Poland, held on November 5th 1927.

The Chairman of the Bank of Poland Mr. Stanislas Karpinski has opened the sitting at 12 o'clock 20 min. stating that according to the art 15 of the Statutes of the Bank the notices of the convocation of an Extraordinary General Meeting of the Shareholders of the Bank of Poland had been duly published in Nr. 237 of the " Monitor Polski " of October 15th 1927.

Since up to the 3-d inst. inclusively there were declared for the meeting but 367356 shares, that is a number inferior to the quorum required by art. 21 of the Statutes for the resolution of the motion concerning the modifications of the Statutes, the meeting in the first instance i.e. at 9 o'clock A.M. could not be held, whereas the present meeting, as convened in the second instance is competent to transact business irrespectively of the number of shareholders present.

The order of the day comprises the motion of the Council, concerning the modification of the Bank's Statutes.

A legally valid resolution in this matter, according to the art. 23 of the Statutes, can be carried by a majority of 2/3 votes present.

The lists of presence signed on admission show a quorum of 256 shareholders present, representing 362097 shares with the right of 12625 votes, the required majority being thus 8417 votes.

Mr. Karpinski, President, invited Mr. Edward Szydlowski to act as Secretary of the Meeting.

Before proceeding to the deliberations, the Chairman had expounded to the Meeting the necessity of the proposed modifications of the Statutes, in connection with the Decree of the President of the Republic of October 13th 1927, relating to the program of stabilization and the contracting of an external loan, and thereupon consecutively explained the new wording of the respective articles of the Statutes. As to the proposed modification of the art. 75 the Chairman informed the meeting, that the Council of the Bank, in agreement with the Minister of Finance, had resolved to withdraw the respective motion, so that the same is to be struck out of the list of motions of the Council served on the shareholders (last page but one of the annex art. 75).

The deliberations on the proposed modifications being opened, Messrs Waclaw Fajans, Pawel Heilperin, Stephen Jablonski, Franciszek Karpinski, Antoni Kotlarski, Henryk Laguna, August Minkowski, Wladyslaw Rawicz-Szczerbo, Dymitr Szarzynski. Józef Zaborski and Antoni Rząd took the word, proposing a more precise wording of the article 26 a in order to avoid any doubt as to the circumstance that the right of election of the thirteenth member of the Council is to remain in force only for three years. The chairman explained that the proposed wording of the first paragraph of the art 26 a is to be conceived precisely in the above meaning which shall be positively and expressly stated in the minutes of this Meeting.

The Chairman further explained the task of the newly coopted member of the Council who according to the officially promulgated program of stabilisation shall fulfil kinds of duties: to wit: those of a member of the Council and of a superviser of the application of the loan and of the fulfilment of the said program of stabilization.

In other matters explanations have been given by the Chairman, by the Director General Mieczkowski and by the Director Zygmunt Karpinski, whereupon the meeting have unanimously adopted all the modifications of the Statutes, proposed by the Council in their wording as set forth in the annex, the primi-

tively proposed modifications of the art. 75 having been previously cancelled.

Finally, the Chairman imparted to the Meeting that under the program of stabilization the whole new issue of the shares of the Bank will be taken over by the Treasury of the State at the rate of 150 for 100 (whereof 100 Zloty to increase the stock capital and 50 Zloty the reserve fund) it being understood that the Treasury will in the proper time sell such shares by public subscription, in the first line to persons being already shareholders of the Bank. An agreement in that respect between the Treasury and the Bank has been already accepted in all its particulars and will be signed in the next days. The shares of the II issue as long as they are property of the Treasury, enjoy no voting rights at the General Meetings.

The sitting was closed at 13 o'clock 40 min.

Chairman: KARPINSKI

Secretary: SZYDLOWSKI

A true copy

(—) Z. KARPINSKI, Secretary of the Council of the Bank.

A TRUE AND EXACT TRANSLATION
Warsaw this 9 of November 1927
Register No. 5506

E. STACZYNSKI
Sworn Translator

15. COMMUNICATION FROM THE BANK OF POLAND TO THE MINISTER OF FINANCE, requesting Legislative sanction of amendment of Bank statutes. (Translation.)

PRESIDENT OF THE BANK OF POLAND.

Warsaw, 5th November 1927.

To the Minister of Finance.

I beg to advise you that an extraordinary general meeting have to-day passed the amendments of the Statutes of the Bank as stated in the enclosure with the exception of the projected amendment of Art. 75 of which the text remains as heretofore and I request you—pursuant to Art. 12 of the Statutes—to submit the said amendments to the legislature for sanction.

(signed) KARPINSKI.

A true copy: (signed) Z. KARPINSKI, Secretary of the Council of the Bank.

A true translation:

DR. A. NAGÓRSKI.

16. DECREE OF NOVEMBER 5, 1927, ratifying amendments to the Statutes of the Bank of Poland. (Translation.)

From the Polish official Journal of Laws of the 5th November 1927, Nr. 97, par. 856.

DECREE
OF THE PRESIDENT OF THE REPUBLIC
dated November 5, 1927
relating to the ratification of modifications
in the Statutes of the Bank of Poland.

According to the article 44 par. 6 of the Constitution and according to the Law of August 2nd 1926, granting to the President of the Republic authority to issue decrees having the force of law (Journal of Laws of the Republic of Poland Nr. 78, par. 443), I hereby decree as follows:

Art. 1. In accordance with art. 12 of the Statutes of the Bank of Poland (an enclosure to the decree of the President of the Republic dated January 20, 1924—J. L. R. P. Nr. 8, par. 75—in its new text fixed in the enclosure to the decree of the President of the Republic dated September 4, 1926—J. L. R. P. Nr. 92, par. 531) the resolution relating to the modification of several articles of the Statutes of the Bank of Poland passed at the extraordinary General Meeting of the Shareholders of the Bank of Poland held on the 5th November 1927 is hereby ratified. The text of the articles modified is given in the form of an enclosure which is an integral part of the present Decree.

Art. 2. The Minister of Finance is hereby authorized to publish the Statutes of the Bank of Poland (J.L.R.P. Nr. 8/1924, par. 75) taking into considerations the modifications

introduced by the law dated December 19, 1924 (J.L.R.P. Nr. 2/1925, par. 15), by the decree of the President of the Republic dated September 4, 1926 (J.L.R.P. Nr. 92, par. 531) and by the present Decree.

Art. 3. The increase of the Stock Capital of the Bank of Poland by 50.000.000 zloty, provided in par. *c* of the Annex to Part II of the Program of Stabilization of the Government of the Republic of Poland (J.L.R.P. Nr. 88, par. 789) and sanctioned by the Minister of Finance is not subject to stamp duties.

Art. 4. The Minister of Finance is hereby intrusted with execution of the present Decree.

Art. 5. The present Decree comes into force as from the date of its promulgation.

President of the Republic: I. Moscicki.
President of the Council of Ministers and Minister of War:
J. Pilsudski.
Minister: K. Bartel.
Minister of the Interior: Slawoj Skladkowski.
Minister for Foreign Affairs: August Zaleski.
Minister of Finance: G. Czechowicz.
Minister of Justice: A. Meysztowicz.
Minister of Education and Cults: Dr. Dobrucki.
Minister of Agriculture: K. Niezabytowski.
Minister of Commerce and Industry: E. Kwiatkowski.
Minister of Railways: Romocki.
Minister of Public Works: Moraczewski.
Minister of Labour and Social Welfare: Dr. Jurkiewicz.
Minister of Agrarian Reform: Witold Staniewicz.
Minister of Posts and Telegraphs: Boguslaw Miedzinski.

The Enclosure to the Decree of the President of the Republic dated November 5, 1927 /par. 856/.

TEXT OF THE MODIFIED ARTICLES OF THE STATUTES OF THE BANK OF POLAND

Article 1.

In order to maintain a stable currency as well as to regulate currency circulation and credits, a limited company is organized, by virtue of the present statutes under the corporate name of "Bank Polski", hereinafter called the "Bank", with the privilege granted by the State to issue bank notes.

Article 4.

The share capital of the Bank amounts to 150,000,000 Zlotys divided into 1,500,000 shares of 100 Zlotys each.

A further increase of the share capital may be effected on the basis of a resolution of the General Meeting of Shareholders as specified in Art. 12.

Article 5.

The shares of the Bank are nominative. Every nominative share issued is registered in a shareholders' register kept by the Bank showing the name of the holder, place of residence and profession.

The shares of the Bank must be consecutively numbered and must bear the Bank's seal and the signatures: of the President of the Bank, of the Manager and the Cashier. The signatures may be facsimiles.

Pursuant to a resolution of the Council of the Bank collective shares may be given.

The nominative shares may be exchanged, with the consent of the President of the Bank, for bearer shares, in denominations of not more than ten shares and the total number of bearer shares shall not exceed 15% of the stock capital of the Bank.

The bearer shares may at the request of the bearer be exchanged for nominative shares with the consent of the President of the Bank.

Article 12.

The competence of the general meeting includes:

(a) The approval of annual statements, balance sheet, profit and loss account as well as of proposals for the distribution of profits;

(b) The election of members of the Council of the Bank and of the supervisory committee, of their substitutes and the fixing of their compensation;

(c) Acting upon all question whatever which may be submitted by the Council of the Bank;

(d) The increase of stock capital of the Bank;

(e) The making of other amendments to the statutes;

(f) The liquidation of the Bank.

Resolutions relating to increase of stock capital passed at a general meeting require the approval of the Minister of Finance.

Resolutions relating to other amendments of the statutes as well as to the liquidation while the privilege of note issue is still in force require ratification by the legislature.

Article 15.

Notice of calls of a general meeting shall be published in the " Monitor Polski ", together with the order of the day, at least three weeks before the date fixed for the meeting.

In case of emergency a general meeting may be called by the President of the Bank upon notice published in the " Monitor Polski " three days before the date fixed for the meeting and also published in a conspicuous place in at least five Polish newspapers.

Article 18.

Any shareholder entitled to take part in a general meeting (Article 16) and to vote (Article 17) may be represented and exercise his rights through a proxy.

The holder of less than 25 shares may authorize another

shareholder to represent him as his proxy and every 25 shares including those represented by proxy give right to one vote.

Only shareholders entitled to take part in a general meeting may be proxies of individual shareholders, but no person can have more than 500 votes including his own.

A shareholder other than an individual may appoint a proxy who may act whether or not he is himself a shareholder, such proxy, however, to be named, in writing, in the application for admittance.

Each shareholder may appoint only one proxy.

Powers of attorney giving right of admittance and to vote are free from stamp duty.

The powers of attorney should be in the form of a letter addressed to the Management of the Bank of Poland and signed by the shareholder with his full name and surname.

Article 19.

Powers of attorney entitling the proxy to take part in a general meeting should be submitted to the head office of the Bank in Warsaw, not later than seven days before the date fixed for the meeting in order to be entered upon the list of persons authorized to vote and to prepare entrance cards indicating the number of votes.

The shareholders receive entrance cards in conformity with the particulars contained in the stock register. The issue of entrance cards shall begin a fortnight before the date fixed for the meeting and shall be discontinued three days before the meeting.

In case of a meeting being called in compliance with Article 15, paragraph 2, the issue of entrance cards shall be discontinued only one day before the date for the meeting.

Article 26a.

By virtue of a resolution of the Council passed at least by 9 members of the Council and the President of the Bank and approved by the Minister of Finance, the number of the mem-

bers of the Council may be increased by one such member to be elected by the Council of the Bank with the same majority for a period of three years at the most.

The election of the member of the Council chosen by the Council must be approved by the next ordinary General Meeting of Shareholders. In case of his death, resignation or inability to act the Council will elect a new member for his unexpired term.

Article 34.

The Council of the Bank shall decide upon the number of signatures and designate the persons to sign obligations, letters and any documents issued by the Bank.

A list of procuration holders in the branches of the Bank shall be exhibited in a prominent place in every branch of the Bank.

Article 47.

The Bank will be obligated to exchange, on demand, its bank notes issued for gold coins without limit as to amount.

The Minister of Finance, in conformity with a resolution of the Council of the Bank, will cause a decree of the cabinet to be promulgated fixing the date on which the head office of the Bank will be compelled to commence the exchange of bank notes for gold, as provided for in the monetary act.

Pending the establishment of a convertibility of bank notes as contemplated in the section 1 of the above Article, the bank notes shall be payable at the Bank's option in:

a) gold coins,
b) gold bars, according to the relation of 5924,44 Zlotys to 1 kg. of fine gold,
c) foreign gold drafts according to mint parity whereby the Bank will be entitled to charge a premium equal to forwarding charges of gold from Warsaw to the locality where the drafts are payable.

The bank notes shall be payable only at the Head Office of the Bank at Warsaw, and only in amounts exceeding 20,000 Zlotys.

Article 51.

The notes in circulation and the deposits must be covered to the amount of 40% at least by the following:

a) gold coins and bullion,

b) silver taken at its value in relation to gold but not exceeding 5% of the gold reserve,

c) foreign moneys,

d) sums due from foreign banks of the highest standing payable on call or at 30 days notice at the most,

e) cheques payable on demand and drafts on foreign banks of the highest standing,

f) bills of exchange accepted or endorsed by foreign Banks of high standing and payable within a period of 90 days.

The securities specified under c., d., e. and f. ought to be in foreign currencies convertible into gold.

The Council of the Bank shall determine which foreign currencies comply with the above conditions.

In calculating the reserve ratio the following items ought to be deducted:

a) sums derived from loans collateraled by the Bank's gold,

b) the Bank's obligations in foreign currencies payable within a period of 90 days.

The Bank will carry three-fourths of its minimum reserve requirements, calculated according to the above article, in gold coin and bullion.

Article 52.

Whenever the Bank's reserve calculated according to Art. 51 shall fall below 40%, the Bank shall pay to the Treasury a tax on the excess circulation of notes above the sum covered to the amount of 40% according to the following scale:—

3% per annum if the reserve falls below 40%
6% " " " " " " " 37%
10% " " " " " " " 34% to 30% inc.

and finally if the reserve ratio falls further below 30% the

10% tax ought to be increased by 1% for each 1% by which the reserve ratio falls below 30%.

The tax shall be computed every ten days together with drawing up of decade balance sheets.

If the reserve ratio falls below 40% the discount rate of the Bank must exceed 6% by at least one-third of the rate of the tax paid to the Treasury.

Article 53.

Bank notes in circulation not covered by values specified in Art. 51 should be covered by:

a) Bills of exchange specified in paragraph a. of Art. 55 and other securities,

b) Polish silver coins and bullion reserve which should not exceed 5% of the total amount of the bank notes issued,

c) loans secured as specified in Art. 63,

d) interest bearing securities in portfolio of the kind specified in Art. 55 par. e,

e) amount of advances to the Treasury against a no interest bearing credit of 50 million zlotys granted to the Treasury for the term of the note issue privilege.

Article 55.

The scope of the Bank's activities in addition to issuance of bank notes (Art. 46–54) comprises:

a) the discounting of bills, warrants, securities called for redemption and coupons (Art. 58 and 60),

b) the granting of loans, secured as specified in Art. 63,

c) the purchase and sale of gold and silver,

d) the purchase and sale of foreign moneys and bills keeping accounts abroad and profiting from credits necessary for this purpose and the Bank is authorized to pledge its bill portfolio and other securities and re-discount inland or foreign bills,

e) purchase and sale for its own account of Government bonds, communal and mortgage obligations providing

that no more than 10% of the Bank's own capital is engaged in such business,

f) acceptance of deposits (Art. 69) and opening of current accounts,

g) sale of drafts and money orders payable at the Bank's own branches,

h) receiving of bills and other documents for collection,

i) receipt of deposits and its custody (Art. 71),

j) transaction of any commission banking business.

Article 77.

The shares of the Bank and ordinary dividend and extraordinary dividend are exempt from any tax up to December 31st 1937.

Article 78.

The Bank should publish in the Monitor Polski:

a) a balance sheet and annual statement of profit and loss account at least a fortnight before a general meeting,

b) a summarized balance sheet for a period of every 10 days within 7 days after each period of 10 days,

The summarized balance sheet should include the following items:

A. On the assets side:

- a) metals: gold and silver in terms of gold value (Art. 51 par. a and b),
- b) foreign money, bills and foreign obligations serving as a cover for the bank notes circulation,
- c) Polish silver coins and bullion, (Art. 53 par. b),
- d) portfolio of bills (Art. 55 par. a),
- e) secured advances (Art. 63),
- f) bonds discounted (Art. 60) and acquired for Bank's own account (Art. 55 par. e),
- g) advances to the Treasury (Art. 53 par. a),
- h) real and personal property,
- i) miscellaneous assets,

B. on the liabilities side:
   a) capital stock,
   b) reserve fund,
   c) bank note in circulation,
   d) current accounts and deposits,
   e) miscellaneous liabilities.

A true and exact translation:
Warsaw this 9th of November, 1927.
Register No. 5500.
E. Staczynski,
Sworn Translator.

17. COMMUNICATIONS BETWEEN THE BANK OF POLAND AND THE MINISTER OF FINANCE relative to increase of capital of the Bank. (Translation.)

Warsaw, 5th November 1927.

President
of the Bank of Poland.

To
the Minister of Finance.

I beg hereby to advise you that the Council of the Bank has unanimously passed a resolution to increase the stock capital of the Bank from 100 million zlotys to 150 million zlotys.

Pursuant to Art. 4 of the Statutes of the Bank I request you to give to the said resolution your consent.

(——) KARPINSKI.

A true copy: (signed) Z. KARPINSKI, Secretary of the Council of the Bank.

A true translation:
DR. A. NAGÓRSKI.

Translation from the Polish.

Copy.

MINISTRY OF FINANCE — Warsaw, 5th November 1927.
L.D. II.7689/1.

To the
Chairman of the Bank of Poland
here.

In reply to your letter of 5th instant I beg to advise you that in conformity with Art. 4 of the Statutes of the Bank I hereby

give my consent for the increase of Stock capital of the Bank of Poland up to 150.000.000 zloty (hundred fifty million zloty) in accordance with the resolution passed by the Council of the Bank on November 5, 1927.

Minister of Finance (signed) G. CZECHOWICZ.

A true copy (signed) Z. KARPINSKI, Secretary of the Council of the Bank.

A TRUE AND EXACT TRANSLATION
Warsaw this 8th of November 1927
Register No. 5495

E. STACZYNSKI
Sworn Translator

18. EXTRACT FROM MINUTES OF MEETING OF THE COUNCIL OF BANK OF POLAND, held November 5, 1927, electing Mr. Charles Dewey to be member of the Council with the functions contemplated by the Plan of Stabilization. (Translation.)

In accordance with new Article 26a of the statutes of the Bank the Council voted:

1. To increase the number of members of the Council by one member for the period of three years;

2. To elect to the Council for the period of three years Mr. Charles Dewey. Mr. Dewey will, for the period foreseen in Article 6, Part III, of the Program of Stabilization adopted by the Government by the Decree of the President of the Republic dated October 13, 1927, referring to the Program of Stabilization and contracting of an external loan, in addition to his functions as member of the Council exercise the functions foreseen in paragraph *d* of the Annex to Part II and in paragraph 3 of Part III. of the Program of Stabilization, and will also enjoy the facilities foreseen in the above mentioned paragraphs. In case of absence or disability, he may designate a substitute of the same nationality who will exercise his functions.

3. The election of Mr. Dewey will be submitted to the ordinary general meeting of the shareholders of the Bank the first quarter, 1928.*

A true copy (signed) Z. Karpinski, Secretary of the Council of the Bank.

A True and Exact Translation
Warsaw this 8th of November 1927
Register No. 5496
E. Staczynski
Sworn Translator

* The election of Mr. Dewey was unanimously confirmed at the general meeting of Shareholders held February 10, 1928.

19. COMMUNICATIONS BETWEEN THE BANK OF POLAND AND THE MINISTER OF FINANCE with reference to the election of Mr. Dewey as an additional member of the Council of the Bank. (Translation.)

Warsaw, 5th November 1927.

President
of the Bank of Poland.

To the Minister of Finance.

I beg to advise you that pursuant to Art. 26a of the Statutes passed today at the general meeting the Council of the Bank have by a qualified majority required by the said article appointed

MR. CHARLES S. DEWEY

the Under Secretary of State of the Department of Finance at Washington as a member of the Council of the Bank for the period of 3 years.

I request you to sanction this resolution.

(——) KARPINSKI.

A true copy: (signed) Z. KARPINSKI, Secretary of the Council of the Bank.

A true translation:
DR. A. NAGÓRSKI.

MINISTRY OF FINANCE Warsaw, 5th November 1927.
L.D. II./7795/1.

To the Chairman of the Bank of Poland,
here.

In reply to your letter of 5th instant and in conformity with Art. 26a of the Statutes of the Bank of Poland I hereby give

sanction to the resolution of the Council of the Bank of 5th instant relating to the increase of the number of the Council by one member for the period of 3 years.

Minister of Finance:

(signed) G. Czechowicz.

A true copy: (signed) Z. Karpinski, Secretary of the Council of the Bank.

A True and Exact Translation
Warsaw this 8th of November 1927
Register No. 5494

E. Staczynski
Sworn Translator

20. PROSPECTUS LETTER FROM POLISH MINISTER OF FINANCE TO AMERICAN BANKERS.*

REPUBLIC OF POLAND

Warsaw, October 13, 1927.

Bankers Trust Company
Blair & Co., Inc.
Chase Securities Corporation
Guaranty Company of New York

Dear Sirs:

I have the honor to furnish the following information with reference to the Republic of Poland Stabilization Loan of 1927, consisting of $62,000,000 principal amount of Bonds known as Republic of Poland Seven Per Cent External Sinking Fund Gold Bonds, Stabilization Loan, 1927, and £2,000,000 principal amount of Bonds known as Republic of Poland Seven Per Cent Stabilization Bonds, 1927, to be issued internationally for the purpose of carrying into effect a Plan of Stabilization adopted by the Polish Government in cooperation with the Bank of

* Substantially similar letters were addressed to the following Continental Bankers:

France—
- Banque de Paris et des Pays Bas.
- Banque Franco Polonaise.

The Netherlands
- Hope & Co.
- Lippmann, Rosenthal & Co.
- De Twentsche Bank.

Poland—
- Banque de Commerce a Varsovie.

Sweden—
- Stockholms Enskilda Bank.
- Skandinaviska Kreditaktiebolaget.

Switzerland—
- Societe de Banque Suisse.
- Credit Suisse.

Poland. Arrangements have been made for the issue of the entire Stabilization Loan as follows:

£ 2,000,000	principal amount	in England
$ 2,000,000	principal amount	in France
$ 4,000,000	principal amount	in Holland
$ 1,000,000	principal amount	in Poland
$ 2,000,000	principal amount	in Sweden
$ 6,000,000	principal amount	in Switzerland
$47,000,000	principal amount	in the United States of America

Purpose of the Loan

The Loan is designed to consolidate and perpetuate a condition of monetary stability and budgetary equilibrium which the Polish Govrenment has already achieved by its own efforts. The Loan forms part of a comprehensive monetary, budgetary and administrative plan for ensuring a stable gold currency which will constitute a solid foundation for the development of the Nation's resources and facilitate relations with external markets by enhancing the credit of Poland already established at home and abroad.

The Plan has been carefully prepared by the Government with the help of its Bankers and of competent international experts after taking into account the results of several years of experience and effort, and was formally promulgated in Poland by decree of October 13, 1927.

The Plan is designed to achieve permanent budgetary equilibrium; it entrusts the monetary policy of the Nation to the Bank of Poland which enjoys full independence and will receive all necessary resources; finally it provides for the collaboration with the Bank and Government of an American Adviser.

The Plan not only determines the use of the proceeds of the Loan but the carrying out of the program of the Plan is a definite engagement of the Republic taken in connection with the issue of the Loan.

Credits to the Bank of Poland have been arranged by the following Central and Reserve Banks:

Oesterreichische Nationalbank	*Austria*
Banque Nationale de Belgique	*Belgium*
Narodni Banka Ceskoslovenska	*Czechoslovakia*
Nationalbanken	*Denmark*
Bank of England	*England*
Finlands Bank	*Finland*
Banque de France	*France*
Reichsbank	*Germany*
Magyar Nemzeti Bank	*Hungary*
Banca d'Italia	*Italy*
Nederlandsche Bank	*Netherlands*
Sveriges Riksbank	*Sweden*
Banque Nationale Suisse	*Switzerland*
Federal Reserve Bank	*United States*

Present Economic and Financial Conditions

With an area of approximately 150,000 square miles and a population approaching 30,000,000, Poland ranks as the sixth nation of Europe as regards both territory and population.

Poland is self-supporting to a greater degree than most European countries; 65% of the population is engaged in agricultural pursuits and agricultural production normally exceeds domestic requirements. Poland ranks second in Europe in the production of rye and potatoes, third in barley and oats, and fourth in sugar beets. The country possesses immense natural resources, especially timber, coal and oil, and it is the second largest producer of zinc ore in the world. The iron and steel industry of Poland is important and highly developed. It is located principally in the coal districts where it thus enjoys favorable conditions for operation. Lodz is recognized as one of the world's great textile centres. The country is served by about 12,000 miles of railway line owned entirely by the Government and operated at a profit.

Poland enjoys access to the sea both through the Free City of Danzig and through the port of Gdynia located on the Baltic on Polish territory.

The year 1926 was a period of industrial revival, unemployment diminishing in a marked degree and both exports and imports showing a healthy increase and satisfactory relationship. This economic progress definitely continues during the present year.

Budgetary equilibrium has already been attained, with a substantial excess of receipts over disbursements. During the fiscal year ended March 31, 1927, there was a budget surplus of about $17,500,000 (about Zl. 156,000,000). The first five months of the current fiscal year show a budget surplus of about $14,500,000 (about Zl. 130,000,000).

The debt of Poland both external and internal is small, the external debt, including this Loan, amounting to the equivalent of about $15 per capita and the internal to the equivalent of less than $2 per capita. The external debt, including this Loan, aggregates the equivalent of about $438,700,000, whereof the principal item is advances from the American, French, British, Italian and other Treasuries during the war and Armistice periods aggregating the equivalent of about $253,500,000; liability under the Treaty of Saint Germain for a portion of the former Austro-Hungarian debt amounts to the equivalent of about $36,600,000.

The non-political external debt of Poland consists of the equivalent of about $148,600,000, including this Stabilization Loan.

In addition to the foregoing items there are a number of items of debit and credit arising under post-war Treaties, which items are still in suspense and in the main unliquidated, but it is calculated that, on net balance, the debt of Poland will not thereby be increased materially, if at all.

The Polish Government has concluded favorable arrangements with the American, British, Italian, Dutch, Norwegian, Swedish, Danish and Swiss Governments for the refunding of their respective Treasury advances and payments under such agreements are being regularly made.

The Plan provides for the following measures of a monetary, budgetary and administrative character:

Monetary Policy: The Zloty has been given a gold value of $0.1122 per Zloty pursuant to the decree of October 13, 1927, corresponding to the exchange rates which have prevailed without substantial variation for over a year.

All currency notes heretofore issued by the Republic will be retired, the notes of the Bank of Poland becoming the only paper currency. These Bank Notes will be payable in gold or gold exchange drafts, on the basis of the new gold value. To ensure the ability of the Bank to maintain such payments:

> Notes will be issued only in accordance with new reserve requirements providing for a minimum reserve, in gold or gold exchange, against both note and deposit liabilities, of 40%; at least 30% being in actual gold;
>
> Substantially the entire foreign exchange resulting from the present Loan will be put at the disposal of the Bank of Poland with the result that its reserve ratio will then become one of the highest of any Bank of Issue in the world;
>
> The capital of the Bank will be increased so that its combined capital and surplus will amount to over 200,000,000 Zloty.
>
> In addition the Bank of Poland will have at its disposal the credits in its favor from the Central Banks of Issue above referred to.

Budgetary Policy: The budgetary equilibrium already attained will be established on a firm basis. A total of 300 million Zloty of additional revenue is to be provided for the 1927–28 Budget, and a substantial surplus for the year 1928–29. A strict control of all departmental expenses will be exercised by the Minister of Finance through a system of

monthly budgets. The entire floating debt of the Treasury will be redeemed and a working fund for the Treasury of 75,000,000 Zloty will be created to enable the Government to meet any possible seasonal insufficiencies in its receipts. The Government renounces long term borrowings for budgetary purposes.

American Adviser: An American citizen will be elected a member of the Board of the Bank of Poland for a period of three years. He will assist and advise the Bank and the Government as to the carrying out of the various measures provided for in the Plan, and will be supplied with such information as he considers necessary to enable him to discharge his duties as prescribed in the Plan. The Adviser will prepare a quarterly report addressed to the Bank of Poland and promptly published by it, thus keeping public opinion in Poland and abroad informed of the progress of the various aspects of the Plan.

Proceeds of the Loan: The Zloty equivalent of the proceeds of the Loan will be credited to the Government by the Bank of Poland, the credit being available only for the purposes of the Plan, and only with the authorization or counter-signature of the American Adviser. About 75% of the proceeds of the Loan will, directly or indirectly, be applied to stabilization purposes, thus securing a better basis for the present currency without increasing the amount of currency in circulation; the remaining 25% being available, in further aid of stabilization, to provide credit facilities to State enterprises and agricultural institutions, in accordance with a program to be worked out between the Government, the Bank of Poland and the American Adviser. These credits will be independently administered on behalf of the Government by the Bank of Poland.

Security of the Loan

The Bonds constitute the direct obligations of the Republic which pledges its full faith and credit for due and prompt pay-

ment of principal, premium, interest and Sinking Fund. As specific security the Government will assign its gross customs revenues which will be paid into a special account of the Fiscal Agents of the Loan with the Bank of Poland. The Government is entitled to draw thereon, in each month, only after a sum equal to 1/6 of the current semi-annual service charge including Sinking Fund has first been transferred to the Fiscal Agents.

The customs revenues for the past three fiscal years ending March 31, 1927, have averaged in excess of the equivalent of $40,000,000 per annum, being over 5 times maximum annual service requirements of the Loan. During the first five months of the fiscal year 1927–1928 customs receipts amounted to the equivalent of about $14,500,000, being over 170% of budget estimates.

Figures in this letter have been converted into dollars at Zloty 8.91 to the dollar except for figures relating to periods prior to the de facto stabilization which have been calculated at the average rate of exchange of the Zloty prevailing each month. Conversions of other currencies are made at approximately current rates.

Very truly yours,

CZECHOWICZ

Minister of Finance of the Republic of Poland

21. PROSPECTUS LETTER FROM POLISH MINISTER OF FINANCE TO ENGLISH BANKERS.

WARSAW, 13*th October*, 1927.

To Messrs. LAZARD BROTHERS & CO., LTD.

Dear Sirs,

In accordance with your request, I have the honour to furnish the following information:—

The Republic of Poland has an area of approximately 150,000 square miles, and a population approaching 30,000,000. It is the sixth nation of Europe as regards both territory and population. The population is largely agricultural and Poland ranks second in Europe in the production of rye and potatoes, third in barley and oats, and fourth in sugar beet. The country possesses immense natural resources, especially timber, coal and oil, and is the second largest producer of zinc ore in the world. The iron and steel industries are highly developed, and Lodz is recognised as one of the world's great textile centres. The country is served by about 12,000 miles of railway lines owned entirely by the Government and operated at a profit. Unemployment has fallen from 395,000 in January, 1926, to 126,600 in September of this year.

BUDGET.

Post-war difficulties due to currency fluctuations have now been overcome, and Budgetary equilibrium has been attained. For the fiscal year ending March 31st, 1927, there was a Budget surplus of about £3,600,000,* and for the first five months of the current fiscal year the Budget surplus is nearly £3,000,000.

* The figures in this letter (except where otherwise stated) have been calculated at Zloty 8.91 to the $ (being the gold value fixed by the stabilisation decree), say, Zl. 43.48 to the £ sterling.

Public Debt.

In the terms of sterling the External Debt, including the present Loan and the liability under the Treaty of St. Germain for a portion of the Austro-Hungarian Debt, amounts to about £90,300,000, of which about £52,000,000 represents advances from the American, British, French, Italian, and other Treasuries during the period immediately following the war. The Internal Debt amounts to about £7,000,000. The External Debt amounts to £3, and the Internal Debt to less than 5s. per head of the population.

The Polish Government has concluded favourable arrangements with practically all the various creditor Governments for the funding of their advances, and payments are being regularly made.

Customs Revenues.

Converted at the average monthly rate of exchange the Customs Revenues, upon which the Stabilisation Loan is specifically charged, have for the past three fiscal years ending March 31st, 1927, averaged £8,270,000 sterling, being over 5 times the maximum annual service requirements of the Loan, which amount to £1,641,300 per annum.

If the least favourable of these three years is taken, the Customs Revenues would have covered the maximum service of the Loan about three times.

During the first five months of the current fiscal year Customs Revenues amounted to nearly £3,000,000, being over 170 per cent. of the Budget estimate.

Imports and Exports, calculated at the average monthly rates of exchange during the past three years ending 31st December, have been as follows:—

	Imports.	Exports.
1924..........	£58,600,000	£50,188,000
1925..........	£63,556,000	£50,426,000
1926..........	£35,525,000	£51,774,000

Objects of the Loan.

The object of the Loan is to consolidate and perpetuate the condition of monetary stability and Budgetary equilibrium which the Polish Government has already achieved by its own efforts. The Loan forms part of a comprehensive monetary, budgetary, and administrative programme embodied in a Plan of Stabilization which has been carefully prepared by the Government, with the help of its Bankers and of competent international experts, with a view to achieving the above-mentioned object. The Plan has been promulgated by a Decree having the force of Law dated 13th October, 1927.

Central Bank Credits.

On the basis of the Plan, credits to the Bank of Poland amounting in total to $20,000,000 have been arranged by the Central and Reserve Banks of the following countries:—Austria, Belgium, Czecho-Slovakia, Denmark, Finland, France, Germany, Great Britain, Hungary, Italy, The Netherlands, Sweden, Switzerland, and the United States of America.

Plan of Stabilisation.

The Plan provides *inter alia* for the following:—

(1) The Zloty is to be stabilized on a gold basis with a value corresponding to the exchange rates for the paper Zloty which have prevailed without substantial variation for over a year. A decree having the force of Law, dated 13th October, 1927, has accordingly been promulgated giving the Zloty a gold value equal to Zloty 8.9141 to the Dollar. All currency notes heretofore issued by the Republic will be retired, and the notes of the Bank of Poland will become the only paper currency. These notes will be payable in gold or gold exchange drafts on the basis of the new gold value, and will only be issued in accordance with the new Reserve requirements, providing for a minimum Reserve in gold or gold exchange against

both note and deposit liabilities of 40 per cent., at least 30 per cent. being in actual gold. The entire foreign exchange resulting from the present Loan moreover will be put at the disposal of the Bank of Poland, with the result that its gold reserve will then become approximately 80 per cent., which is one of the highest ratios of any Bank of Issue in the world.

(2) The Subscribed Capital of the Bank of Poland will be increased by £1,725,000, bringing its combined Capital and Surplus to a total of over £4,500,000.

(3) Administrative machinery is set up to ensure that the Budgetary equilibrium already attained will be maintained in the future. The system of monthly Budgets is to be continued; expenditure is not to exceed Budget estimates unless a corresponding increase in revenue is provided for; the Minister of Finance has been given power to supervise all expenditure; and the Government has renounced the right to long-term borrowings for Budgetary purposes. A total of £6,900,000 of additional revenue for the 1927/28 Budget, and a substantial surplus for the year 1928/29, will be provided.

(4) The entire Floating Debt of the Treasury, amounting to approximately £580,000, will be redeemed.

(5) A Treasury Reserve of about £1,725,000 will be deposited with the Bank of Poland, and will only be used to meet any possible seasonal insufficiencies in receipts.

(6) An American Adviser will be elected a Member of the Board of the Bank of Poland for a period of three years. He will assist and advise the Bank and the Government as to the carrying out of the various measures provided for in the Plan, and will be supplied with such information as he considers necessary to enable him to discharge his duties as prescribed in the Plan. The Adviser will prepare a Quarterly Report addressed to the Bank of Poland, to be promptly published by it, thus keeping public opinion in Poland and abroad informed of the progress of the various aspects of the Plan.

(7) The proceeds of the Loan will be available only for the purposes of the Plan and subject to the authorisation and

counter-signature of the American Adviser. The Plan contemplates that these proceeds will be distributed among the purposes already described, approximately as follows:—

1.	Increase in the Capital of the Bank of Poland	£1,725,000
2.	Conversion of the existing Note Issue	£5,290,000
3.	Redemption of the Floating Debt	£ 575,000
4.	Treasury Reserve	£1,725,000
5.	Future Economic Development	£3,100,000

Yours truly,

GABRIEL CZECHOWICZ,

Minister of Finance.

22. FIRST PAGE OF THE AMERICAN PROSPECTUS OF THE STABILIZATION LOAN.

Republic of Poland Stabilization Loan, 1927
$47,000,000
Seven Per Cent External Sinking Fund Gold Bonds
American Issue

Offering of the English and European portions of this Loan is being made by Lazard Brothers & Co., Ltd., in England; Societe de Banque Suisse and Credit Suisse in Switzerland; Lippmann, Rosenthal & Co., De Twentsche Bank and Hope & Co. in Holland; Bank Handlowy w Warszawie in Poland; Stockholms Enskilda Bank and Skandinaviska Kreditaktiebolaget in Sweden and Banque de Paris & des Pays-Bas in France.

To be dated: October 15, 1927

To mature: October 15, 1947

Interest payable October 15 and April 15. Principal and interest payable at the principal office of Bankers Trust Company or The Chase National Bank of the City of New York, Fiscal Agents for the Loan, in United States gold coin of the present standard of weight and fineness, without deduction for any taxes or imposts now or hereafter levied by or within the Republic of Poland; also payable at the option of the holder in London in Pounds Sterling at the rate of $4.8665 per Pound Sterling; in Zurich or Basle, in Swiss Francs at the rate of 5.183 Swiss Francs per dollar; or in Amsterdam, in Dutch Florins at the rate of 2.488 Florins per dollar; or in Stockholm, in Swedish Kronor at the rate of 3.731 Kronor per dollar. Redeemable in whole or in part at the option of the Republic only (except for Sinking Fund) on October 15, 1937, or any interest date thereafter, on thirty days' published notice at 103. Coupon Bonds registerable as to principal only in denomina-

tions of $1,000, $500 and $100, interchangeable except into $100 denominations. The Republic agrees to retire the entire Loan in semi-annual installments commencing at the annual rate of 4% for each of the first four years and increasing such annual rate ½ of 1% for each succeeding four year period to a maximum rate of 6% per annum. Such retirement is to be effected by the tender of Bonds or by cash sinking fund payments applicable to the purchase of Bonds at or below the redemption price and accrued interest or, if not so obtainable, to the redemption on April 15, 1928, and semi-annually thereafter upon thirty days' published notice of Bonds called by lot at 103%.

Bonds are payable at maturity at 103%.

The following information has been summarized from the accompanying letter of the Minister of Finance of the Republic of Poland:

This issue forms part of an International Loan to be issued for the purpose of carrying into effect a Plan of Stabilization adopted by the Polish Government in co-operation with the Bank of Poland. Arrangements have been made for the issue of the entire Stabilization Loan as follows:

£ 2,000,000 principal amount in England
$ 2,000,000 principal amount in France
$ 4,000,000 principal amount in Holland
$ 1,000,000 principal amount in Poland
$ 2,000,000 principal amount in Sweden
$ 6,000,000 principal amount in Switzerland
$47,000,000 principal amount in the United States of America

Purpose of the Loan: The Stabilization Loan is designed to consolidate and perpetuate a condition of monetary stability and budgetary equilibrium which the Polish Government has already achieved by its own efforts. The Plan of Stabilization represents a comprehensive monetary, budgetary and administrative program for ensuring a stable gold currency which will constitute a solid foundation for the development of the Na-

tion's resources and facilitate relations with external markets by enhancing the credit of Poland already established at home and abroad.

Present Economic and Financial Conditions: With an area of approximately 150,000 square miles and a population approaching 30,000,000, Poland ranks as the sixth nation of Europe as regards both territory and population.

Poland possesses immense natural resources, especially timber, coal and oil, and it is the second largest producer of zinc ore in the world. The iron and steel industry of Poland is highly developed and is located principally in the coal districts where it enjoys favorable operating conditions. The country is served by about 12,000 miles of railway line owned entirely by the Government and operated at a profit.

Budgetary equilibrium has already been attained, with a substantial excess of receipts over disbursements. During the fiscal year ended March 31, 1927, there was a budget surplus of about $17,500,000 (about Zl. 156,000,000). The first five months of the current fiscal year show a budget surplus of about $14,500,000 (about Zl. 130,000,000).

The debt of Poland both external and internal is small, the external debt, including this Loan, amounting to the equivalent of about $15 per capita and the internal debt to the equivalent of less than $2 per capita. The external debt, including this Loan, aggregates the equivalent of about $438,700,000, whereof the principal item is advances from the American, French, British, Italian, and other Treasuries during the war and Armistice periods aggregating the equivalent of about $253,-500,000. The non-political external debt of Poland consists of the equivalent of about $148,600,000, including this Stabilization Loan.

The Polish Government has concluded favorable arrangements with the American, British, Italian, Dutch, Norwegian, Swedish, Danish, and Swiss Governments for the refunding of their respective Treasury advances and payments under such agreements are being regularly made.

Stabilization Plan: The Plan provides for the following measures of a monetary, budgetary and administrative character:

Monetary Policy: The Zloty has been given a gold value of $0.1122 per Zloty pursuant to the decree of October 13, 1927, corresponding to the exchange rates which have prevailed without substantial variation for over a year. Zloty paper currency will be issued only by the Bank of Poland and in accordance with new reserve requirements providing for a minimum reserve, in gold or gold exchange, against both note and deposit liabilities, of 40%; at least 30% being in actual gold. Substantially the entire foreign exchange resulting from the present Loan will be put at the disposal of the Bank of Poland with the result that its reserve ratio will then become one of the highest of any Bank of Issue in the world.

Budgetary Policy: The budgetary equilibrium already attained will be established on a firm basis. A total of 300 million Zloty of additional revenue is to be provided for the 1927–28 Budget, and a substantial surplus for the year 1928–29.

American Adviser: An American citizen will be named as Adviser to the Government and the Bank of Poland with powers and authority designed to promote the success of the Plan. He will be elected to the Board of the Bank of Poland.

Proceeds of the Loan: The Zloty equivalent of the proceeds of the Loan will be credited to the Government by the Bank of Poland, the credit being available only for the purposes of the Plan, and only with the authorization or counter signature of the American Adviser.

Credits: Credits to the Bank of Poland have been arranged by the Central and Reserve Banks enumerated in the accompanying letter.

Security of the Loan: The Bonds constitute the direct obligations of the Republic which pledges its full faith and credit for due and prompt payment of principal, premium, interest

and Sinking Fund. As specific security the Government will assign its gross customs revenues which will be paid into a special account of the Fiscal Agents of the Loan with the Bank of Poland. The Government is entitled to draw thereon, in each month, only after a sum equal to 1/6 of the current semi-annual service charge including Sinking Fund has first been transferred to the Fiscal Agents.

The customs revenues for the past three fiscal years ending March 31, 1927 have averaged in excess of the equivalent of $40,000,000 per annum, being over 5 times maximum annual service requirements of the Loan.

During the first five months of the fiscal year 1927–1928 customs receipts amounted to the equivalent of about $14,500,000, being over 170% of budget estimates.

Application is to be made by the Republic of Poland to list the dollar Bonds on the New York Stock Exchange.

Price 92 and accrued interest to yield over 7.86%

These Bonds are offered for delivery when, as and if issued and accepted by us and subject to approval of our counsel, Messrs. Sullivan & Cromwell and Messrs. Rushmore, Bisbee & Stern. It is expected that temporary Bonds or interim receipts of The Chase National Bank of the City of New York exchangeable for temporary or definitive Bonds, will be available for delivery on or about November 9, 1927.

BANKERS TRUST COMPANY
NEW YORK

BLAIR & CO.
INC.

CHASE SECURITIES
CORPORATION

GUARANTY COMPANY
OF NEW YORK

Statements and information contained herein have been obtained from official and other sources in part by cable, and while not guaranteed we believe them to be reliable.

October 18, 1927

23. FIRST PAGE OF THE ENGLISH PROSPECTUS OF THE STABILIZATION LOAN.

REPUBLIC OF POLAND
STABILISATION LOAN, 1927.

(Authorised by a Decree of the President of the Republic of Poland, dated 13th October, 1927).

£2,000,000 7% Sterling Bonds.

The Bonds now offered form part of a total issue limited to \$62,000,000 and £2,000,000. The dollar bonds are to be issued as to \$47,000,000 in New York and \$15,000,000 in France, Holland, Switzerland, Sweden and Poland.

The Bonds are a first charge and lien on all Customs Revenues of the Republic present and future.

Issue Price 92 Per Cent.

Repayable Within 20 Years at 103.

The proceeds of the Loan will be available only for the purposes of the Plan of Stabilisation, and will be applied subject to the authorisation and counter-signature of the American Adviser to be elected a Member of the Board of the Bank of Poland for a period of three years.

Principal and interest of the Bonds will be free from all present and future Polish taxes and will be payable in London in sterling at the offices of Messrs. Lazard Brothers & Co., Limited, or at the option of the holders in New York in dollars at the fixed exchange of \$4.86 to the £ at the offices of Bankers' Trust Company and The Chase National Bank of New York.

The Bonds will be to Bearer in denominations of £100 and £500 with half-yearly coupons attached, payable 15th April and 15th October, the first full coupon being payable 15th October, 1928. A coupon for £2 10s. 11d. per cent. payable 15th April, 1928 (in sterling only), representing interest at 7 per cent. per

annum on the instalments from the due dates thereof, will be attached to the Scrip Certificates.

The Bonds will be repayable at 103 on or before the 15th October, 1947, and redeemable by means of a Sinking Fund calculated to redeem the entire issue by maturity, commencing at 4 per cent. per annum of the total nominal value of the Bonds, plus the premium of 3 per cent. and rising every fourth year by one-half per cent. to 6 per cent. The Sinking Fund will be applied half-yearly by purchases at or below 103 per cent., plus accrued interest, or by drawings at 103 per cent., the first operation being in respect of the period ending 15th April, 1928. The Polish Government reserves the right to surrender Bonds in satisfaction of the Sinking Fund and to redeem at 103 per cent. on 15th October, 1937, or on any interest payment date thereafter, the whole or any part of the Bonds then outstanding upon giving 30 days' previous notice.

The Polish Government undertakes to assign to the Fiscal Agents for the Loan by way of specific security its gross Customs Revenues, which will be paid into a Special Account of the Fiscal Agents with the Bank of Poland. The Government is not entitled to draw thereon in each month until a sum equal to one-sixth of the current half-yearly service charge, including Sinking Fund, has first been transferred to the account of the Fiscal Agents outside Poland.

Messrs. LAZARD BROTHERS & CO., LIMITED, offer for sale the above-mentioned Sterling Bonds at the price of 92 per cent., payable as follows:—

	£5	per cent.	on	Application.
	£25	,,	,,	25th October, 1927.
	£30	,,	,,	30th November, 1927.
	£32	,,	,,	14th December, 1927.
Total..	£92	per cent.		

Payment in full may be made on 25th October or on 30th November under discount at the rate of 3 per cent. per annum.

24. COMMUNICATIONS BETWEEN FRENCH BANKERS AND FRENCH MINISTRY OF FINANCE authorizing the export of capital in connection with the French tranche of the Stabilization Loan.

27 Septembre

Monsieur le Président
du Comité de Contrôle de l'Exportation
des Capitaux
Ministère des Finances
PARIS

45

Monsieur le Président,

Nous référant aux lettres que Monsieur le Président du Conseil, Ministre des Finances, a bien voulu nous adresser, sous le timbre de la Direction du Mouvement Général des Fonds, les 5, 15 et 25 Juillet 1927, ainsi qu'à votre lettre du 9 Août 1927 N° 190.786 nous avons l'honneur de vous rappeler que nous avons accepté, avec d'autres Establissements de Crédit, de participer à l'émission d'une tranche française de l'Emprunt Polonais de Stabilisation 1927.

Cette tranche, dont le montant avait été primitivement fixé à $2.500.000.—a été réduite dans la suite des négociations, d'accord avec la Direction du Mouvement Général des Fonds, à $. 2.000.000.—. Elle sera représentée par des titres d'un montant nominal unitaire de $100. Les titres seront productifs d'un intérêt net de 7% et remboursables en 33* ans. Le prix d'émission sera de 90%, plus les intérêts calculés sur le nominal à compter de l'entrée en jouissance (ler Octobre 1927).

---

* The life of the bonds was subsequently determined to be 20 years.

La souscription, qui sera faite sur toutes les places à la même époque, s'ouvrira vraisemblablement le 5 Octobre prochain. Elle aura, en France, une durée de 15 jours.

Pour la bonne règle, nous croyons devoir solliciter l'autorisation, au nom du groupe français, de transférer à l'Etranger les fonds à verser par les souscripteurs résidants français.

Les Banques faisant partie du groupe sont ci-après désignées, avec leurs participations respectives dans l'opération

	Emission de $2.000.000
Banque de Paris et des Pays-Bas	$360.000
Banque Franco-Polonaise	144.000
Banque de l'Union Parisienne	280.000
Crédit Lyonnais	120.000
Société Générale	120.000
Comptoir National d'Escompte	120.000
Crédit Industriel et Commercial	120.000
Banque Nationale de Crédit	120.000
Crédit Commercial de France	64,000
Crédit Mobilier Français	120.000
Banque Française et Italienne pour l'Amérique du Sud	64.000
Banque Ottomane	80.000
Banque des Pays de l'Europe Centrale	120.000
Banque des Pays du Nord	8.000
de Neuflize et Cie	80.000
A. J. Stern et Cie	80.000
	$2.000.000

Veuillez agréer, Monsieur le Président, l'assurance de notre considération très distinguée.

BANQUE DE PARIS ET DES PAYS-BAS
(Signature)

MINISTERE DES FINANCES

Paris, le 13 Octobre 1927

Comité de Contrôle de l'Exportation
des Capitaux

Banque de Paris et des Pays-Bas
3, rue d'Antin
PARIS

N° 194.150

Messieurs,

Vous avez bien voulu me faire connaître que les négociations relatives à l'émission d'un emprunt polonais de stabilisation de 1927 viennent d'aboutir et vous sollicitez tant en votre nom qu'au nom des banques autorisées à participer à la tranche française de cet emprunt l'autorisation d'exporter les fonds à verser par les souscripteurs résidant en France à concurrence de la somme maxima de $2.000.000:

J'ai l'honneur de vous faire connaître que l'autorisation sollicitée est accordée. Vos co-participants et vous mêmes devrez pour ce transfert vous conformer aux prescriptions de la loi du 3 Avril 1918.

Les titres souscrits devront être rapatriés en France, la présente lettre valant titre pour l'importation matérielle de les titres en France.

Agrées, Messieurs, mes salutations distinguées.

Par délégation du Ministre,
p. Le President du Comite,
(Signature)

25. AGREEMENT BETWEEN THE REPUBLIC OF POLAND AND THE FRENCH BANKERS respecting the assumption by the Republic of French taxes on the interest on the Bonds up to 25% of such interest.

Entre:

LE GOUVERNEMENT DE LA REPUBLIC POLONAISE

représenté par son Ministre des Finances ci-dessous nommé le Gouvernement

et:

LE GROUPE FRANÇAIS DE BANQUES

ci-dessous dénommé Groupe Français

participant à l'Emprunt de stabilisation 7% du Gouvernement Polonais représenté par Mr. Edmond Spitzer, Directeur Général de la Banque Franco-Polonaise.

Il a été convenue ce qui suit:

. En vue de la réalisation de son plan de stabilisation monétaire, le Gouvernement a décidé l'émission d'un Emprunt d'environ $72.000.000.–, 7% or, amortissable en 20 années, représenté par des obligations libellées partie en dollars, partie en Livres.

Le Groupe français a accepté de garantir, sur les obligations en dollars, le prise ferme d'une tranche destinée au Marché français, d'un montant de $2.000.000. (deux millions de dollars), capital nominal.

Les coupures de la tranche française seront de $100 et auront une numerotations continue qui servira à les identifier. Elles seront, de plus, differenciées des obligations faisant partie des autres tranches par une estampille appropriée qui sera apposée sur les titres et sur les coupons par les soins du Gouvernement Polonais, d'accord entre ses représentants diplo-

matiques à Paris et la Banque de Paris et des Pays Bas, représentant le Groupe français. Cette apposition sera faite aux frais du Gouvernement.

Le Gouvernement prendra à sa charge, pendant toute la durée de l'Emprunt, tous impôts, droits ou taxes afféronts ou ayant égard à l'intérêt des obligations précitées de la tranche française, établis actuellement ou à établir dans l'avenir par la République Française, ou toute subdivision politique ou autorité fiscale française, mais seulement jusqu'à concurrence d'un montant égal à 25% de l'intérêt annuel, le porteur de ces obligations n'ayant à supporter sur lesdits impôts français que ce qui excéderait 25%.

Les provisions destinées au règlement des impôts français, dont il s'agit, devront être constituées intégralement chez la Banque de Paris et des Pays-Bas, à Paris, au moins 21 jours avant l'échéance de chaque coupon semestriel.

Il est convenu par les présentes que le gouvernement affecte en garantie du paiement de ces provisions fiscales et jusqu'a concurrence des sommes nécessaires, l'excédent libre des revenues affectés à la garantie de l'Emprunt, la présente garantie venant immédiatement après les provisions nécessaires au service général de l'Emprunt.

Dans le but d'effectuer les transferts nécessaires, le Gouvernement donne par les présentes, mandat irrévocable à la Banque de Pologne, à qui les présentes seront notifiées par les soins du Gouvernement, de prélever sur l'excédent libre des revenues affectés à la garantie de l'Emprunt, les sommes nécessaires, au moins 30 jours avant l'échéance de chaque coupon et de les remettre à la Banque de Paris et des Pays-Bas, à Paris.

En cas d'insuffisance des sommes disponibles ou à defaut, le Gouvernement Polonais s'engage à prélever les sommes nécessaires sur les ressources générales du Gouvernement et à les faire remettre à la Banque de Paris et des Pays-Bas, par l'entremise de la Banque de Pologne.

Dans l'un ou l'autre cas, les provisions fiscales devront être

constituées intégralement à Paris, comme ci-dessus indiqué, au moins 21 jours avant l'échéance de chaque coupon semestriel.

Il appartiendra aux banques françaises de régler, à l'aide de ces versements et jusqu'à due concurrence, les taxes françaises en se conformant à la législation en vigueur.

La Banque de Paris et des pays-Bas établira et enverra périodiquement au Gouvernement Polonais des états indiquant l'application qui aura été faite des provisions fiscales.

Elle lui fera connaître ainsi qu'à la Banque de Pologne, quand il y aura lieu, toutes les modifications survenues dans la législation fiscale et intéressant les obligations de la tranche française.

Les obligations originaires de la tranche française seront susceptibles d'être échangées, au grè des porteurs, suivant les conditions prévues dans le contrat général de l'Emprunt et notament moyennant le paiement d'un droit de conversion, contre d'autres obligations de $100, de $500 et de $1.000, qui seront identiques aux titres originairement émis sur le Marché américain. Il est convenu que les nouvelles obligations, ainsi délivrées à la suite de ces échanges volontaires, ne profiterout pas de l'exemption fiscale de 25% des impôts français.

Pour tout le surplus, les obligations de la tranche française seront régies par les stipulations du contrat général d'emprunt.

Il est convenu que, du fait du présent accord, les banques françaises ne prennent aucune responsabilité vis-à-vis du Gouvernement, ni vis-à-vis des porteurs des obligations faisant partie de la tranche française, dès lors qu'elles auront agi de bonne foi. Elles seront indemnisées par le Gouvernement de toute perte ou de tout litige qui pourrait résulter de cet accord ou du paiement des taxes ci-dessus mentionnées et elles pourront légitimement considérer tout titre de $100 portant l'estampille de la tranche française comme authentique.

Il est entendu que le présent accord recevra toutes les autorisations requises pour sa validité par la législation polo-

naise. Le Gouvernement fournira à cet effet au Groupe français l'avis conforme du " Solicitor Général " de la République Polonaise.

Varsovie, le 13 Octobre, 1927.

POUR LE GOUVERNEMENT DE LA RÉPUBLIQUE DE POLOGNE

Par: G. Czechowiez

[Sceau] Ministre des Finances

POUR LE GROUPE FRANÇAIS DE BANQUES

Par: Edmond Spitzer

26. TEXT OF DEFINITIVE DOLLAR BOND AND COUPON, of the $1,000 denomination.*

No.M $1,000

REPUBLIC OF POLAND

Seven Per Cent. External Sinking Fund Gold Bond

STABILIZATION LOAN, 1927

Due October 15, 1947

THE REPUBLIC OF POLAND (hereinafter called the "Republic"), for value received, promises to pay to bearer, or if registered to the registered owner of this Bond, on the fifteenth day of October, 1947, unless before said date this Bond shall have been duly redeemed, the principal amount of

ONE THOUSAND DOLLARS

and in addition thereto a premium of 3% of such principal amount, and to pay interest on such principal amount from October 15, 1927, at the rate of 7% per annum semi-annually, on the fifteenth days of April and October in each year until such principal amount and premium shall have been paid, but only upon presentation and surrender of the attached coupons for such interest as they severally mature. Such principal amount, premium and interest shall be paid in the Borough of Manhattan, The City and State of New York, United States of America, at the principal office of either Bankers Trust Company or The Chase National Bank of the City of New York, as Fiscal Agents of the Republic, or their respective successors, in gold coin of the United States of America of or equal to the standard of weight and fineness existing October 15, 1927, or at the option of the holder in London, England, in pounds

* The text of bonds of $500 and $100 denominations and of their appurtenant coupons are similar, with textual variations appropriate to the difference in denomination.

sterling at the rate of $4.8665 for each pound sterling, at the office of Lazard Brothers & Co., Limited, as associate Fiscal Agent, or its successor, or in Zurich or Basle, Switzerland, in Swiss francs of the gold standard of weight and fineness existing on said date at the rate of 5.183 Swiss francs per dollar, at the office of Société de Banque Suisse, or of Crédit Suisse, as associate Fiscal Agents, or their respective successors, or in Amsterdam, The Netherlands, in Dutch florins of the gold standard of weight and fineness existing on said date at the rate of 2.488 Dutch florins per dollar, at the office of Hope & Co., of Lippmann, Rosenthal & Co., or of De Twentsche Bank, as associate Fiscal Agents, or their respective successors, or in Stockholm, Sweden, in Swedish kronor of the gold standard of weight and fineness existing on said date at the rate of 3.731 kronor per dollar, at the office of either Stockholms Enskilda Bank or of Skandinaviska Kreditaktiebolaget, as associate Fiscal Agents, or their respective successors, or shall be collectible at the option of the holder in Paris, France, in French francs at the office of Banque de Paris et des Pays Bas, as associate Fiscal Agent, or its successor, at the buying rate for sight exchange on New York of the associate Fiscal Agent in France, on the date of presentation for collection; provided that, as provided in the Loan Agreement hereinafter mentioned, Bonds and coupons not presented for payment within five years after all Bonds have been called or matured and moneys duly provided for the payment thereof, may, at the election of the Republic, be payable only at the office of the Treasury of the Republic in Warsaw, Poland. Principal of and premium and interest on the Bonds shall be paid by the Republic, insofar as it is concerned, in time of war as well as in time of peace, and free of all taxes or imposts within the Republic.

This Bond is one of an issue of Bonds constituting the Stabilization Loan, 1927, of the Republic, herein called the " Bonds ", consisting of dollar bonds and sterling bonds in the aggregate principal amounts of $62,000,000 and £2,000,000 sterling respectively, all issued under and pursuant to and equally entitled to the benefits of a certain Loan Agreement

dated October 15, 1927, between the Republic and Bankers Trust Company and The Chase National Bank of the City of New York, as Fiscal Agents, whereof copies are filed and available for inspection at the offices of the Fiscal Agents and associate Fiscal Agents. The Bonds of this issue expressed in dollars are issued in the denominations of $1,000, $500 and $100.

As provided in said Loan Agreement the Republic covenants to pay to the Fiscal Agents as and for a Sinking Fund to amortize the issue by maturity sums equal to the following percentages of 103% of the maximum principal amount of the Bonds for each six months' period: between October 15, 1927 and October 15, 1931, 2%; between October 15, 1931 and October 15, 1935, 2¼%; between October 15, 1935 and October 15, 1939, 2½%; between October 15, 1939 and October 15, 1943, 2¾%; between October 15, 1933 and October 15, 1947, 3%; such payments in each case to be made on or before 45 days prior to the respective interest dates.

As provided in said Loan Agreement, such payments shall be applied by the Fiscal Agents to purchase Bonds for the Sinking Fund, if obtainable at not more than the redemption price and accrued interest, the difference, if any, between the principal cost of the Bonds so purchased and the redemption price to be credited to the next semi-annual Sinking Fund payment. Any cash balance of the current semi-annual Sinking Fund payment held by the Fiscal Agents 45 days prior to the next interest date and constituting an excess over the current semi-annual interest instalment shall be applied to the redemption, at 103% of their principal amount, of Bonds to be called by lot as provided in the Loan Agreement. In lieu of the whole or any part of any Sinking Fund payment, the Republic may deliver Bonds to the Fiscal Agents for cancellation for the Sinking Fund as provided in the Loan Agreement.

In addition to redemption through the Sinking Fund, the Republic may at its option redeem the whole or any part of the Bonds at 103% of their principal amount on October 15, 1937, or on any interest date thereafter as provided in said Loan

Agreement. If this Bond shall be called for redemption and provision for payment thereof made in accordance with the terms hereof and of said Loan Agreement, interest hereon shall cease to be payable from and after the date fixed in the redemption notice.

For the due performance of its obligations as set forth herein and in the coupons, the Republic has pledged its full faith and credit.

As provided in the Loan Agreement, the Bonds are specifically secured by the gross receipts and income received, by or on account of the Republic, from duties, imposts, taxes and charges of whatever character, imposed by it or by its authority or for its account upon or in respect of importations and exportations (the latter so long as export duties are maintained), the Republic undertaking to maintain throughout the life of the Bonds taxes, imposts, duties and charges, so that the assigned revenues shall at all times be sufficient to meet the service of the Loan.

As provided in the Loan Agreement, the entire principal amount of the Bonds, together with the premium thereon, may be declared and shall become due by election of the holders of at least twenty-five per cent. in amount of the outstanding Bonds in the event of failure or default on the part of the Republic to meet its covenants for the benefit of the Bonds contained herein or therein, if such failure or default shall have existed for a period of six months.

This Bond shall be transferable by delivery, unless registered as to principal in the name of the owner upon the registration books of the Republic maintained at the office of Bankers Trust Company, or its successor, as Bond Registrar, and such registration noted hereon by such Registrar. After such registration, no transfer hereof shall be valid unless made on said books by the registered owner or by duly authorized attorney, and similarly noted on the Bond, but this Bond may be discharged from registration by being in like manner transferred to bearer and thereupon shall again become transferable by delivery. Such registration, however, shall not affect the

negotiability of the coupons, which shall continue to be transferable by delivery.

As provided in the Loan Agreement and upon payment of charges therein mentioned dollar Bonds of the denomination of either $1,000 or $500 shall be exchangeable for Bonds of the other denomination of the same aggregate principal amount. Bonds of the denomination of $100 may be exchanged for an equal aggregate principal amount of Bonds of the denomination of $1,000 or $500, but Bonds of the denomination of $1,000 or $500 may not be exchanged for Bonds of $100 denomination.

The Republic certifies and declares that all acts, conditions and things required to be done and performed and to have happened precedent to and in the creation and issue of the Bonds, have been done and performed and have happened in due and strict compliance with the Constitution and laws of the Republic of Poland.

Neither this Bond, nor any of the coupons for interest hereon, shall become valid or obligatory for any purpose until the form of registry for identification endorsed hereon shall have been signed by Bankers Trust Company and The Chase National Bank of the City of New York, or their successors as Joint Fiscal Agents.

In witness whereof, the Republic of Poland has caused this Bond, bearing the facsimile signatures of its Minister of Finance and of two members of its Commission of Control of the Public Debt, to be signed on its behalf by its duly authorized representative and impressed with the seal of its Legation in the United States, and interest coupons bearing the facsimile signature of its Minister of Finance to be attached hereto, all as of the fifteenth day of October, 1927.

Republic of Poland

By

Minister of Finance

By

Minister of Poland, Washington, D. C.

Duly Authorized Representative

On behalf of the Commission
of Control of the Public Debt

Registered for identification:

Bankers Trust Company

The Chase National Bank of the City of New York

Joint Fiscal Agents

By Bankers Trust Company

By

Assistant Secretary

[*Text of Coupon*]

No. $35

On the fifteenth day of , 19 ,
unless the Bond hereinafter mentioned shall have been called for previous redemption and payment thereof made or provided for, the REPUBLIC OF POLAND will pay to the bearer in the Borough of Manhattan, The City and State of New York, United States of America, at the principal office of either Bankers Trust Company or The Chase National Bank of the City of New York, as Fiscal Agents, or their successors, the sum of

THIRTY-FIVE DOLLARS

in gold coin of the United States of America, or, at the option of the bearer, in pounds sterling, Swiss francs, Dutch florins, or Swedish kronor, or the said sum will be collectible in French francs, at rates and places specified in the bond hereinafter mentioned, free of all Polish taxes present or future, but only on surrender of this coupon, being six months interest then due on Republic of Poland 7% External Sinking Fund Gold Bond, Stabilization Loan, 1927, No.M

Due 15, 19 .

REPUBLIC OF POLAND,

By

Minister of Finance.

[*Reverse of Coupon*]

Coupons not presented for payment within five years after all Bonds of this issue have been called or matured and moneys duly provided for the payment thereof, may, at the election of the Republic, be payable only at the office of the Treasury of the Republic in Warsaw, Poland.

27. TEXT OF TEMPORARY STERLING BOND.*

(Temporary Sterling Bond—Exchangeable for other Temporary Sterling Bonds or definitive engraved Sterling Bonds when ready for delivery.)

No. S00000 £2,000,000

REPUBLIC OF POLAND

Stabilization Loan, 1927
Issue of
£2,000,000 7% Sterling Bonds
(forming part of a total issue limited to $62,000,000 and £2,000,000)
Issued pursuant to Law of the Republic of Poland of the 2nd August 1926, and to a Decree of the President of the Republic of Poland of October 13, 1927.

BOND.

The REPUBLIC OF POLAND (hereinafter and in the Conditions endorsed hereon called "the Republic") for value received promises to pay to the Bearer of this Bond on the 15th October, 1947, or upon any earlier date on which the principal moneys hereof become payable in accordance with the Conditions endorsed hereon the principal sum of

TWO MILLION POUNDS

with a premium thereon of three per cent. and to pay interest on the said principal sum of £2,000,000 from the 15th October, 1927, at the rate of seven per cent. per annum, half-yearly on the 15th April and the 15th October in each year until such principal sum and premium shall have been paid but only upon presentation of this Bond and notation of such payment hereon.

Payment of the principal sum, premium and interest as and

* The definitive Sterling Bonds had not been issued on the date of compilation of this volume, but would contain only formal changes from the present text.

when due will be made at the office in London of Lazard Brothers & Co., Limited, or at the option of the holder in dollars of the United States of America of or equal to the gold standard of weight and fineness existing on October 15, 1927, at the fixed rate of $4.86 per £ sterling at the principal office of either Bankers Trust Company or The Chase National Bank of the City of New York, or their respective successors, as Fiscal Agents of the Republic, in the Borough of Manhattan, The City and State of New York, United States of America. Such principal sum, premium and interest shall be paid free of all taxes or imposts within the Republic.

The holder of this Temporary Bond is entitled (in common with the holders of the other Bonds of this issue amounting in all to $62,000,000 and £2,000,000) to the benefit of a certain Loan Agreement (hereinafter and in the Conditions endorsed hereon called "the Loan Agreement") dated October 15, 1927 and made between the Republic of the one part and Bankers Trust Company and The Chase National Bank of The City of New York (hereinafter called "the Fiscal Agents") of the other part whereof copies are available for inspection at the office of Lazard Brothers & Co., Limited, in London and to which Agreement reference is made for a more precise statement of the rights of the holder hereof. As provided in the Loan Agreement the Republic assigned to the Fiscal Agents as specific security for the Bonds all gross revenues and income of whatever character received by or on account of the Republic from duties, imposts, taxes and charges of whatever character imposed by it or by its authority or for its account upon or in respect of importations and exportations (the latter so long as export duties are maintained).

This Bond is issued subject to and with the benefit of the conditions printed on the back hereof which shall be binding upon the Republic and upon all holders of this Bond.

The Republic certifies and declares that all acts, conditions and things required to be done and performed and to have happened precedent to and in the creation and issue of the Bonds, have been done and performed and have happened in due and

strict compliance with the Constitution and laws of the Republic of Poland.

This Bond is a Temporary Sterling Bond without coupons exchangeable for other Temporary Sterling Bonds or definitive engraved Sterling Bonds of the same issue for an equal aggregate principal amount in the denominations of £500 and £100 with coupons for interest attached, when ready for delivery.

In witness whereof, the Republic of Poland has caused this Bond bearing the facsimile signatures of two members of its Commission of Control of the Public Debt to be signed on its behalf by its duly authorized representative and impressed with the seal of its Legation in the United States, all as of the fifteenth day of October, 1927.

Republic of Poland
by
Duly authorized Representative.
On behalf of the Commission of
Control of the Public Debt.

Registered for identification:
Bankers Trust Company
The Chase National Bank of the City of New York,
Joint Fiscal Agents
by Bankers Trust Company
by
Assistant Secretary.

THE CONDITIONS WITHIN REFERRED TO.

1. This Bond is a Temporary Bond and is one of an issue of Sterling Bonds forming part of the Stabilization Loan, 1927, of the Republic, limited to the total amount of $62,000,000 of Bonds known as " Republic of Poland 7% External Sinking Fund Gold Bonds, Stabilization Loan, 1927 ", and £2,000,000 of Bonds known as " Republic of Poland 7% Stabilization Bonds, 1927 " (herein referred to as " Sterling Bonds "), and ranks pari passu in all respects with the other Bonds of the Loan. The expression " the Bonds " used in

these conditions includes all the said Bonds. The definitive Sterling Bonds will be issued in denominations of £500 and £100 each and will not be interchangeable. The definitive £500 Bonds will be numbered from A1 upwards and the definitive £100 Bonds will be numbered from B1 upwards.

2. The Republic undertakes that it will throughout the life of the Bonds maintain taxes, imposts, duties and charges so that the revenues assigned to the Fiscal Agents under the Loan Agreement shall at all times be sufficient to meet the service of the Loan and all obligations of the Republic in the Loan Agreement.

3. As provided in said Loan Agreement the Republic covenants to pay to the Fiscal Agents as and for a Sinking Fund to amortize the issue by maturity sums equal to the following percentages of 103 per cent. of the maximum principal amount of the Bonds for each six months' period: between October 15, 1927 and October 15, 1931, 2 per cent.; between October 15, 1931 and October 15, 1935, 2¼ per cent.; between October 15, 1935 and October 15, 1939, 2½ per cent.; between October 15, 1939 and October 15, 1943, 2¾ per cent.; between October 15, 1943 and October 15, 1947, 3 per cent.; such payments in each case to be made on or before 45 days prior to the respective interest dates. Such payments shall be applied by the Fiscal Agents in purchasing Bonds if obtainable at not more than the redemption price and accrued interest, the difference, if any, between the principal cost of the Bonds so purchased and the redemption price to be credited to the next semi-annual Sinking Fund payment. All Bonds so purchased shall be redeemed as of the interest date first succeeding their purchase.

4. Any cash balance of the current semi-annual Sinking Fund payment (in excess of $51,500) held by the Fiscal Agents 45 days prior to the next interest date and constituting an excess over the current semi-annual interest instalment shall be applied to the redemption at 103 per cent. of their principal amount of Bonds to be called by lot as provided in the Loan Agreement.

5. In lieu of the whole or any part of any Sinking Fund

payment or instalment thereof the Republic may in accordance with the Loan Agreement deliver Bonds to the Fiscal Agents for cancellation for the Sinking Fund, such Bonds to bear all coupons maturing after the next interest date. Such Bonds shall be credited at 103 per cent. and must have been purchased by the Republic at not more than 103 per cent. plus accrued interest.

6. The Republic may at its option redeem the whole or any part of the Bonds at 103 per cent. on October 15, 1937 or on any interest date thereafter as provided in the Loan Agreement.

7. Notice giving particulars of Bonds drawn or called for redemption shall be published at least once in one or more newspapers of general circulation in the City of London. The first publication shall be made at least 30 days immediately preceding the next interest date. Such notice shall state the distinctive number of the Bonds to be redeemed (unless all outstanding Bonds are to be redeemed) and the date of redemption which shall be the next interest date. On or after such date the holder of each Bond so drawn or called for redemption shall be bound to surrender the same with all coupons maturing after such date.

8. All Bonds acquired for the Sinking Fund or otherwise redeemed shall be cancelled and no Bonds shall be issued in lieu thereof.

9. Any Bond called for redemption and for the payment of which funds shall have been provided by the Republic shall cease to bear interest after the date fixed for redemption and all coupons for such interest, if any, shall be void.

10. As provided in the Loan Agreement, the entire principal amount of the Bonds together with the premium thereon may be declared and shall become due by election of the holders of at least twenty-five per cent. in amount of the outstanding Bonds in the event of failure or default on the part of the Republic to meet its covenants for the benefit of the Bonds contained herein or therein, if such failure or default shall have existed for a period of six months.

11. The said principal sum premium interest and Sinking

Fund of the Bonds shall be paid by the Republic in so far as it is concerned in time of war as well as in time of peace irrespective of the nationality or residence of the bondholder or coupon holder and whether or not the bondholder or coupon holder is a citizen of a friendly or hostile State and without requiring any declaration as to the citizenship or residence of such holder or as to the length of time such holder has been in possession of such Bond or coupon.

12. As provided in the Loan Agreement Bonds and coupons not presented for payment within five years after all the Bonds have been called or matured and moneys duly provided for the payment thereof may at the election of the Republic be paid only at the office of the Treasury of the Republic in Warsaw, Poland.

13. The Republic has pledged its full faith and credit for the due performance of its obligations as set forth herein.

14. Any other notice may be given to the holder of any Sterling Bond by advertising the same once in one or more newspapers of general circulation in the City of London, and any such notice shall be deemed to have been duly given on the date upon which such advertisement appears.

28. OPINION OF THE SOLICITOR GENERAL OF THE REPUBLIC OF POLAND with reference to legal aspects of the realization of the Stabilization Plan and Stabilization Loan. (Translation.)

Warsaw, November 21, 1927.

SOLICITOR GENERAL
OF THE REPUBLIC OF POLAND
Nr. 3425/S/27.

Messrs. Sullivan & Cromwell,
49 Wall Street,
New York, N. Y.

Re: Stabilization Loan of 1927 of
the Republic of Poland.

DEAR SIRS:

I am pleased to give you my opinion, as you have requested, as to the various legal steps and proceedings necessary to be taken and taken in connection with the Stabilization Loan of 1927 of the Republic of Poland.

The matters in question fall into two groups:

1. Matters to be done by the Government, and
2. Matters to be done by the Bank of Poland,

which shall be considered in this order:

1.

The Constitution of Poland (dated 17th march 1921) provides in Art. 6 that acts such as contracting a state loan, sale, exchange and pledge of the state real property, imposing taxes and public charges, establishing customs duties and monopolies, fixing a monetary system as well as giving financial guaranties by the State—cannot be effected except by law. Article 8 pro-

vides that the mode of exercising parliamentary control over State debts shall be fixed by law.

Article 44 of the Constitution as amended by law of August 2, 1926 (J.L. Nr. 78, par. 442) provides in par. 5 that the President of the Republic is entitled, when the Diet and Senate are dissolved, in case of national emergency, to issue decrees having force of law within the limits of the public legislature, which decrees, however, shall not pertain to the modification of the Constitution nor to other matters specifically stated among which also to matters embraced in Article 6 of the Constitution. This Article, in its next paragraph 6, also provides that a law may give to the President of the Republic authority to issue decrees having force of law during the period and regarding the matters indicated by this law, except, however, modification of the Constitution. There is no other limitation on the right to give by law power to the President to issue decrees, and, in my opinion, such a law might authorize the President of the Republic to issue decrees having the force of law also referring to the matters dealt with in Article 6 of the Constitution and decrees so issued would be valid and binding. The manner of issuance and publication of the decrees under Article 44 of the Constitution is provided in par. 7 of the said art. 44 of the Constitution. Reference in such decrees shall be made to the rules of the Constitution, on the strength of which they were issued, shall be issued at the instance of the Council of Ministers, shall be signed by the President of the Republic, the President of the Council of Ministers and all the Ministers and published in the Journal of Laws. I am of the opinion that decrees duly issued, signed and published pursuant to a law as contemplated and contained within the limits of powers, embodied in the above mentioned rules of the Constitution or in a separate law, provided in par. 6 of art. 44 of the Constitution, have the same force as if they had been voted by the Diet and the Senate and signed by the President of the Republic in the manner regularly contemplated by the Constitution for the enactment of laws by Parliament. In accordance with the par. 7 of Art. 44 of the Constitution

referred to these decrees come out of force if not submitted to the Diet within fourteen days after the next session of the Diet, or of having been submitted to the Diet are by the Diet declined. I am of the opinion that the Government is bound by the Constitution to submit these decrees to the Diet within fourteen days after the next session.

Pursuant to par. 6 Article 44 of the Constitution as amended, the law of August 2, 1926 (J.L. Nr. 78, Par. 443) gives the President of the Republic authority (until the opening of the new Diet, which has not yet taken place) to issue decrees having force of law (Article 1) in the sphere *inter alia* of measures designated to secure the equilibrium of the budget, stabilizing the currency and improving the economic situation of the country; such measures include in my opinion undoubtedly the Stabilization Loan and the appertaining Plan of Stabilization as well as stabilization and revalorization of the zloty. By Article 2 of this law it is provided that the decrees issued pursuant to this law should not relate to matters mentioned in some of the Articles of the Constitution specified in this art. 2. Among these articles art. 6 of the Constitution is not referred to; the very art. 2 of the said law deals fully with a number of matters which cannot be dealt with by decrees having the force of law; among other with such questions as imposing of new taxes and charges, raising of taxes now in force creating of new monopolies, raising of customs duties and increasing the circulation of Treasury notes and of bullion, also with such questions like pledging, exchange or sale of State real property above the limit value which questions (along with contracting of States loans) come under Art. 6 of the Constitution. Whereas questions of contracting of State loans (likewise the questions of fixing a monetary system) is neither in this connection mentioned by the said Art. 2 among the matters excluded from the interference of decrees having the force of law.

It can be inferred in my opinion that this law does not prohibit the issuance of a valid decree authorizing the contracting of a loan. In my opinion the President of the Republic

consequently may properly, in the manner provided by Article 44 of the Constitution as amended, issue decrees authorizing the contracting of loans, adopting the Plan of Stabilization and revalorizing the zloty.

In my opinion, the decrees of the President of the Republic dated October 13, 1927, referring to the Program of Stabilization and concluding of an external loan and referring to the stabilization of the zloty, published in the Journal of Laws, Nr. 88, paragraphs 789 and 790, were duly signed and published in accordance with the provisions of the Constitution and were in all respects issued in strict conformity with the above mentioned provisions of the Constitution and law of August 2, 1926 and have force of law.

I am informed by a reliable source the Office of the Council of Ministers by a letter of 16.XI.1927 Nr. 18091 that the next sitting of the Diet since the promulgation of these decrees was held on the 3rd November 1927 and these decrees were submitted to the Diet on the 8th November 1927 therefore within the time prescribed by par. 7 Art. 44 of the Constitution.

The Bond Purchase Agreement dated October 13, 1927, the Loan Agreement dated October 15, 1927, the Accord with the French banking Group, dated October 13, 1927, and the Fiscal Agent Agreement dated October 15, 1927, were all validly authorized by the first-mentioned decree and, having been signed by the Minister of Finance, as provided therein, are and Bonds issued pursuant thereto will be legal, valid and binding obligations of the Republic in accordance with their terms.

The law of September 25, 1922 (J.L. Nr. 89, par. 805) was issued pursuant to Article 8 of the Constitution, above referred to, to provide the manner of exercising parliamentary control of public debt. It provides for a Commission of the Control of Public Debt consisting of a chairman and seven members and their substitutes elected from the Diet and the Senate as therein provided. According to this law, the control of the Commission extends *inter alia* to (a) all foreign obligations of the State; and (b) debts contracted by the State by means of

issuance of obligations bearing interest (i.e. bonds, Treasury notes etc.).

Article 11 provides that all financial obligations undertaken by the State shall be signed by two members of the Commission. The Commission, pursuant to this law, exercises the function of a registrar determining the legality of indebtedness. The Commission at the meeting held October 18, 1927, authorized two of its members, Messrs. J. Michalski and S. Osiecki, members of the Diet, to sign the Bonds and as informed by the Minister of Finance by a letter of 28.10.1927 Nr. D.II. 4509/2, formally notified the Minister of Finance of this decision. Their signatures are necessary on the bonds to constitute them binding and valid obligations of the Republic. Their signatures, however, need not, in my opinion, be manual but may be also facsimile. Coupons, being obligations subsidiary to the bonds, do not, in my opinion, require the signatures of the members of the Commission. I might add in this connection that as informed by the State Loan Office at the Ministry of Finance by a letter of 16.XI.1927 Nr. 58532 neither obligations of (internal) premium Dollar loan issued on the 1.3.1924 nor obligations of any other State loans bear the original signatures of the members of the Commission of the Control of Public Debt and the coupons do not bear either original signatures or facsimile of these members. The Commission is charged with the duty of seeing that the debt is registered in the Ledger of Public Debt.* The registration or non-registration of a debt does not affect its validity as an obligation of the Republic.

2.

The Bond Purchase Agreement and the Plan of Stabilization provided for certain amendments to the statutes of the Bank of Poland, increase of its capital and election of a foreign member of the Council of the Bank.

The statutes of the Bank provide that amendments thus

* Registration was effected December 5, 1927, in the Public Debt Register, Volume I, Book XI, p. 13.

required to be made should be made at a meeting of the stockholders called by a meeting of the Council of the Bank on not less than twenty-one days' notice published in the Monitor Polski. The statutes further provide that such amendments must be approved by the holders of at least two-thirds of the stock represented at the meeting and a quorum of the holders of one-half of the stock is necessary. However, if a quorum is not present at the first meeting, a second meeting of the stockholders will be held within fourteen days and at such meeting valid action may be taken regardless of the amount of stock represented, a majority of two-thirds of the votes of stockholders present being required, however, to approve the amendments of the statutes.

In accordance with the official extracts from the minutes of the meeting of the Council of the Bank of Poland and of General Meeting of Shareholders of this Bank sent me the Council of the Bank at its 64-th meeting held on the 14.10.1927 with a statutory quorum required unanimously agreed to call an Extraordinary General Meeting on the 5.11.1927 in order to make amendments in the statutes of the Bank. The necessary notice fixing the dates of the meetings and stating the order of the day as well as calling the shareholders was published in the "Monitor Polski", dated 15.10.1927 Nr. 237, pursuant to the statutes of the Bank. On the 5th November 1927 a General Meeting was held at which the proposed amendments of the statutes were unanimously and duly voted.

According to the statutes of the Bank, amendments so approved by the stockholders are required to be sanctioned by law, and, this was done by the decree of the President of the Republic dated November 5, 1927, relating to the sanction of amendments in the statutes of the Bank of Poland which was issued pursuant and in accordance with par. 6 Art. 44 of the Constitution and with the law of 2.8.1926 and was promulgated in the Journal of Laws R.P.N.97 par. 856 coming into force as from the date of publication i.e. from 5.11.1927. This Decree has the force of law. In accordance with such

action the proposed amendments of the statutes of the Bank have been validly made and became a law.

The increase of the Bank's capital from 100.000.000 zlotys to 150.000.000 zlotys did not require any action by the stockholders but merely a resolution of the Council of the Bank passed by a majority of 9 members and a vote of the President of the Bank also the approval of the Minister of Finance. The Council of the Bank at its 65th meeting held on the 5.11. 1927 passed a resolution by the required number of votes—unanimously—to increase the stock capital and the Minister of Finance expressed his approval of the said resolution with a letter of 5.11.1927 Nr. D. II. 7689/1.

At a meeting held on the 5.11.1927 the Council of the Bank passed a resolution pursuant to art. 26a of the amended statutes by a required number of votes, unanimously, to increase for the period of 3 years the number of members of the Council by one and this resolution was—as required by the said Art. 26a—approved by the Minister of Finance by a letter dated 5.11.1927. Nr. D.II.7795/1. At the same meeting the Council of the Bank elected by the same number of votes—unanimously—in accordance with Art. 26a of the statutes—Mr. Charles Dewey to be the foreign member of the Council of the Bank pursuant to the Program of Stabilization and exhibit "K" to the above mentioned Bond Purchase Agreement and in accordance with Art. 26a decided to submit in the 1st quart. of 1928 the election to the ordinary General Meeting for approval.

Solicitor General (signed) St. Bukowiecki.
Reporter (signed) Dr. Hillbricht.

A true translation:
Dr. A. Nagórski.

29. STATUTES OF THE BANK OF POLAND after giving effect to the amendments ratified by decree of November 5, 1927. (Translation.*)

STATUTES OF THE BANK OF POLAND
as modified in 1927

1) The original Articles of Association of the Bank were published in the Journal of Laws No. 8 of January 25, 1924.
2) The modification of the transitory regulation contained in Art. 92 was published in the Journal of Laws No. 27 of March 21st, 1924.
3) The amendments of Art. 18 and 19 were published in the Journal of Laws No. 2 of January 14, 1925.
4) Further modifications were published in the Journal of Laws, No. 92 of September 8, 1926, item 531, and the whole text of the amended Articles of Association was promulgated in the Journal of Laws No. 109 of November 5, 1926, item 639.
5) Further modifications of a number of articles were published in the Journal of Laws No. 97 of November 5, 1927.
6) The complete text of the present Statutes was published in the Journal of Laws No. 113 of December 21st, 1927, item 966.

STATUTES OF THE BANK OF POLAND

I. General provisions.

Art. 1.

In order to maintain a stable currency as well as to regulate currency circulation and credits a company is organized by virtue of the present Statutes under the name of „Bank Polski“, hereinafter called the „Bank“, with the privilege granted by the State to issue bank-notes.

* Translation as prepared and printed by the Bank.

Art. 2.

The Bank is a juridical entity and has the right to use a seal with the arms of the State encircled by the inscription „Bank Polski" (Bank of Poland).

Art. 3.

The seat of the Bank is at Warsaw. The operations of the Bank extend over the whole territory of the Polish Republic and can, on the strength of special arrangements, confirmed by the Council of Ministers on the recommendation of the Minister of Finance, be extended to other areas included in the Polish customs territory.

The Bank may, with the approval of the Minister of Finance, establish and close branch offices and agencies.

II. Capital and shares.

Art. 4.

The share capital of the Bank amounts to 150,000,000 zlotys divided into 1,500,000 shares of 100 zlotys each.

A further increase of the share capital may take place on the basis of a resolution of the General Meeting of Shareholders as specified in Art. 12.

Art. 5.

The shares of the Bank are nominative. Every nominative share issued is entered in a register of shareholders kept by the Bank showing the given name and surname, place of residence and profession of the shareholder.

The shares of the Bank shall bear consecutive numbers, the Bank's seal and the signatures of the President of the Bank, of the Manager and of the Cashier. The signatures may be engraved.

By virtue of a resolution of the Council of the Bank certificates for more than one share may be issued.

The nominative shares may be exchanged, with the consent

of the President of the Bank, for bearer shares, represented by certificates for not more than ten shares each; the total number of bearer shares shall not exceed 15 per cent of the share capital of the Bank.

Bearer shares, at the request of the holder and with the consent of the President of the Bank, may be exchanged for nominative shares.

Art. 6.

A sheet of coupons for the drawing of dividends for a period of ten years and a counterfoil are attached to each share. On the expiration of the ten years a new coupon sheet and counterfoil are issued on the presentation of the old counterfoil. The coupons and the counterfoils bear the number of the share and the years in consecutive order, also the engraved signatures of the Manager and the Cashier.

Art. 7.

The change of ownership of a nominative share, upon approval by the President of the Bank duly noted on the share certificate beside the owner's endorsement, shall be entered in the register of shareholders.

A Shareholder wishing to acquire the right of attending General Meetings and the right of eligibility to the Council of the Bank and to the Auditing Committee must first secure the permission of the President of the Bank of the transfer of a nominative share to his name.

In the case of succession the change of ownership of a nominative share must be entered in the register of shareholders and noted on the share itself on the basis of legal proof of the right of succession submitted by the heir.

Art. 8.

In case of loss of a nominative share the owner must notify the Bank in order that first the loss of the share, and then, after the lapse of three months, the cancellation of the lost

share, may be published in the Official Gazette (Monitor Polski), whereupon the Shareholder will receive a new nominative share, together with counterfoil but without coupons, bearing the same number and a note to the effect that it was issued in place of the lost one.

In case of loss of a bearer share the general laws of the country are applicable.

Notifications regarding the loss of coupons shall not be considered by the Bank.

Art. 9.

The fee to be paid to the Bank for the transfer or for the issue of new shares in exchange for those lost will be fixed by the Board of Directors.

Art. 10.

The dividend will be paid to the holder of a coupon at such a date as is designated by the General Meeting.

The right to obtain payment on coupons not presented within five years from the due date of payment is forfeited and the corresponding amount will be transferred to the Bank's Reserve fund.

III. The Authorities of the Bank.

A. General Meeting.

Art. 11.

Registered Shareholders exercise their rights of participating in the affairs of the Bank by means of the General Meeting.

Art. 12.

The following matters fall under the competence of the General Meeting:

a) adoption of the annual report, balance-sheet, profit and loss account and proposed distribution of profits,

b) election of members and their substitutes for service on the Council and the Auditing Committee, and the fixing of their remuneration,

c) motions put to the General Meeting by the Council of the Bank,

d) increase of the share capital,

e) other modifications in the Statutes,

f) the winding up of the Bank.

Decisions of the General Meeting relative to an increase of the share capital must be confirmed by the Minister of Finance.

Decisions concerning other alterations in the Statutes and the winding up of the Bank previous to the expiration of the period, for which the right to issue bank-notes is granted, require confirmation by the Legislature.

Art. 13.

The Bank shall hold ordinary and extraordinary General Meetings.

Ordinary General Meetings are called by the Council once a year, not later than in March, especially for deliberation with respect to matters mentioned in paragraphs a) and b) of Art. 12.

Extraordinary General Meetings are called by the Council:

a) by virtue of a resolution of the Council,

b) at the request of the President of the Bank,

c) at the request of Shareholders of the Bank, who are authorized to participate in the General Meeting and who represent at least one fourth of the share capital.

In cases provided in paragraphs b) and c) of this Article the motions which are to be put to the General Meeting must be presented to the Council simultaneously with the presentation of the request for the calling of the Meeting. They shall be put to the Meeting by the Council together with the comments of the Council.

Extraordinary General Meetings must be called not later than four weeks after the presentation of the request to the President of the Bank.

Art. 14.

The motions of Shareholders who are authorized to participate in the General Meeting and who represent at least one tenth of the share capital must be entered on the agenda of the General Meeting, provided they are presented to the Council four weeks before the Meeting.

Art. 15.

The notice of the holding of a General Meeting and the agenda must be published in the Official Gazette (Monitor Polski) at least three weeks before the date of such meeting.

In case of emergency a General Meeting may be called by the President of the Bank upon notice, published in the Monitor Polski three days prior to the date fixed for the Meeting, and re-printed by at least five Polish newspapers in a conspicuous place.

Art. 16.

Owners of nominative shares are entitled to attend the General Meetings provided

a) they were entered in the register of shareholders at least 4 months before the date of the Meeting; if from the time of entry into the register of shareholders a year has elapsed, the Bank may demand a proof of present ownership of the shares before issuing an admission-ticket,

b) they are qualified to transact business legally,

c) they have neither been deprived of civil rights nor declared bankrupt.

Art. 17.

Every 25 shares give right to one vote at the General Meeting, but no Shareholder may have more than 500 votes.

Art. 18.

Every Shareholder entitled to attend General Meetings (Art. 16) and to vote (Art. 17) may exercise his rights by proxy.

Any Shareholder possessing less than 25 shares may authorize another Shareholder to represent him as his proxy and every 25 shares including those represented by proxy, give right to one vote.

A proxy of a natural person must be a shareholder entitled to attend General Meetings, but no person can have more than 500 votes including his own.

A proxy of a juridical person may be anyone designated in writing in the application for an admission-ticket, irrespective of whether he is or is not a Shareholder of the Bank.

No Shareholder is entitled to have more than one proxy.

Powers of attorney for participation in General Meetings and voting are free from stamp duty.

The power of attorney must be made out in the form of a letter to the Management of the Bank signed with the full given name and surname of the Shareholder.

Art. 19.

Powers of attorney for participation in General Meetings must be presented to the Head Office of the Bank in Warsaw not later than seven days prior to the date of the Meeting, in order that they may be entered in the list of those who are authorized to vote, and that the admission-tickets indicating the number of votes may be prepared.

Shareholders receive admission-tickets by virtue of their names being included in the register of shareholders. The distribution of the tickets commences fourteen days and ceases three days prior to the Meeting.

In the case of a General Meeting called in the manner specified in the second section of Art. 15 the distribution of the admission-tickets ceases only on the day preceding the General Meeting.

Art. 20.

The plenipotentiary of the Treasury as a Shareholder of the Bank, will be the person designated in writing by the Minister of Finance prior to the holding of the General Meeting.

Art. 21.

The resolutions of the General Meeting are valid when the latter is attended by Shareholders representing at least one fifth of the share capital, but for the taking of decisions regarding the increase of the share capital, alterations in the Statutes, or the winding up of the Bank, the presence of Shareholders representing at least one half of the share capital is required. In the absence of a quorum, another General Meeting shall be called within 14 days, the decisions of which are valid irrespective of the number of Shareholders present, and at which only the matters placed on the agenda of the previous meeting, which were not acted upon, may be discussed.

Art. 22.

At General Meetings the chair shall be taken by the President of the Bank and in his absence by his substitute. The minutes of the meeting will be kept by the secretary, who will be appointed by the chairman.

Art. 23.

Resolutions at General Meetings will be adopted by a simple majority of votes, with the exception of decisions regarding alterations of the Statutes and the winding up of the Bank which require a majority of two thirds of the votes present; in the case of elections, only those who have obtained more than half of the votes will be considered as elected; if necessary, the voting shall be repeated. Should the number of votes be equal, the question shall be decided by drawing lots.

Shareholders representing one fifth of the votes present at the General Meeting may elect one auditor and his alternate, but in that case they are deprived of the right of participating in the election of the other auditors and their alternates.

B. The Council of the Bank.

Art. 24.

The Council directs the Bank's policies in general, supervises the work of the executives and decides on matters which do not fall within the province of the General Meeting.

The following duties in particular appertain to the Council:

a) the appointment of the General Manager and other members of the Board of Directors and the presentation of their names for approval to the Minister of Finance,

b) the issue of regulations governing the rights and duties of the Board of Directors and the fixing of their salaries,

c) the appointment of members of the Discount Committees,

d) the confirmation of the budget of expenditures of the Bank drawn up by the Board of Directors,

e) the fixing of the discount, interest and commission rates of the Bank,

f) decisions as to the purchase and sale of real property (Articles 56 and 57) and with regard to participation in undertakings specified in Art. 56,

g) the presentation of annual reports to the General Meeting for confirmation.

Art. 25.

The Council of the Bank is composed of a President of the Bank and a Vice-President of the Bank both appointed by the President of the Republic and of 12 members who are elected by the General Meeting which elects likewise each year three alternates. If a member of the Council retires before the expiration of his term of office or because of the protest of the Minister of Finance (Art. 26), the vacancy shall be filled by the alternate who obtained the largest number of votes. In case of an even number of votes preference is given to the senior alternate. The alternate shall carry on the duties of the member until the next ordinary General Meeting.

Art. 26.

The elective members of the Council shall be elected for a period of three years.

The Minister of Finance has the right to lodge a protest against the election of any member or alternate within three days after the election.

Every year four members of the Council retire in rotation according to seniority but during the first two years the turn to resign shall be decided by drawing lots. Retiring members may be re-elected.

ART. 26a.

By virtue of a resolution of the Bank's Council passed by a majority of at least nine members of the Council and the President of the Bank and approved by the Minister of Finance the number of the members of the Council may be increased by adding for a period not exceeding three years one member to be elected by the Council of the Bank with the same qualified majority of votes.

The election by the Council of the member chosen by the Council must be confirmed by the next ordinary General Meeting. In case of his death, resignation or inability to perform his duties the Council shall elect a new member for his unexpired term.

ART. 27.

During his term of office every elected member of the Council must possess at least one hundred shares deposited in the Bank and registered in his name. Should he represent a juridical person, the shares are to be registered in the name of the latter.

ART. 28.

The members of the Council receive a remuneration for attendance at meetings the amount of which will be fixed by the General Meeting.

ART. 29.

Deputies and senators, civil servants and members of the armed forces of the State on active service, are not eligible for membership of the Council. The qualifications of the members of the Council must correspond to the provisions of Art. 16 paragraphs b) and c).

A member of the Council who has lost the right of attending General Meetings or who is no longer eligible for the Council, ceases to be a member.

Art. 30.

The Meetings of the Council shall be called by the President of the Bank at least once a month, by written or telegraphic notice.

At the request of four members of the Council a meeting shall be called within one week.

Art. 31.

At the Meetings of the Council the chair is taken by the President.

Decisions will be valid if the meeting is attended by seven members and the President or his alternate.

Art. 32.

The resolutions of the Council of the Bank shall be taken by a simple majority of votes with the exception of cases requiring a qualified majority. In case of an equality of votes the chairman shall be entitled to give the casting vote.

Art. 33.

The minutes of the meetings will be kept by a person appointed by the President.

Every member of the Council shall have the right to have his separate opinion recorded on the minutes of the meeting.

Art. 34.

The Council of the Bank shall determine the number and the names of persons to sign obligations, correspondence and all documents issued by the Bank.

A list of such procuration holders in the branches of the Bank shall be exhibited in a prominent place in every branch of the Bank.

C. The President of the Bank.

Art. 35.

The President of the Bank shall be appointed by the President of the Republic, on the recommendation of the Council of Ministers, for a period of five years, after the expiration of which he may be re-appointed.

The President of the Bank may not be at the same time member of the Diet or Senate nor occupy a salaried government, municipal or private position; he may not be member of the managing or supervising bodies of any undertaking or participate in them as partner and he must fulfil the requirements of Art. 16 paragraphs b) and c).

The provisions of this article do not concern undertakings in which the Bank participates in accordance with Art. 56.

Art. 36.

The President shall receive out of the funds of the Bank a salary fixed by the Minister of Finance on the recommendation of the Council of the Bank; he shall receive no special remuneration for attendance at meetings of the Council.

Art. 37.

The President may, on the recommendation of the Council of Ministers, be removed from his post by the President of the Republic if he does not fulfil his duties or is incompetent to fulfil them, or becomes disqualified in virtue of Art. 35. The recommendation of the Council of Ministers must be based on the report of a Commission appointed at the request of the Minister of Finance consisting of: one member appointed by the Minister of Finance, one member appointed by the President of the Supreme Court of Justice and one member appointed by the President of the Supreme Administrative Tribunal.

Art. 38.

The President will supervise all the affairs of the Bank, preside at the meetings of the Council and look after the carrying out of its decisions. He signs in the name of the Council the

nominations of those members of the Board of Directors and members of the staff whose appointments are reserved to the Council.

The President has the right to suspend the carrying out of any decision of the Council, if in his opinion such a decision is contrary to the laws of the country, the Statutes of the Bank, or the interest of the State in particular with regard to the duties set forth in Art. 1. The suspended decision must be submitted to the Minister of Finance and will not be carried out if the veto of the President is approved by the Minister within three days.

The President may attend the meetings of the Board of Directors in an advisory capacity. If, however, in the opinion of the President a decision taken by the Board of Directors is not in accordance with the fundamental aims of the Bank, he can suspend its operation pending decision by the Council of the Bank.

ART. 39.

The President submits to the Minister of Finance, once a month, a report on the affairs of the Bank.

In order to keep in close touch with the Bank, the Minister of Finance has the right to appoint the Commissioner of the Bank who may attend the meetings of the Council and the Board of Directors in an advisory capacity and who may demand from the management of the Bank any information he requires.

ART. 40.

The Vice-President of the Bank will be appointed by the President of the Republic on the recommendation of the Council of Ministers for a term of five years.

His qualifications should comply with the provisions of Art. 35.

The Vice-President acts as substitute for the President of the Bank in the absence of the latter. The President may turn over to him part of his duties.

The Vice-President receives out of the funds of the Bank a salary which is fixed by the Minister of Finance on the

recommendation of the Council of the Bank; he receives no special remuneration for attendance at meetings of the Council.

The Vice-President may be re-appointed. His removal from his post before the expiration of five years is possible only in accordance with the proceedings set forth in Art. 37.

Art. 41.

Before taking office the President and the Vice-President take an oath before the President of the Republic that they will carry out their duties in accordance with the aims and the Statutes of the Bank, and that with all their ability they will strive that the Bank shall fulfil its public functions.

A similar oath is taken by the members of the Council before the President of the Bank.

D. The Board of Directors.

Art. 42.

The Board of Directors of the Bank is its executive and administrative organ and is composed of a General Manager and Directors whose number is fixed by the Council. They are elected by the Council and approved by the Minister of Finance. The members of the Board cannot be deputies or senators and they cannot occupy salaried posts outside of the Bank, except in undertakings, in which the Bank participates pursuant to Art. 56.

During the absence of the General Manager one of the Directors, appointed by the Council acts on his behalf.

The General Manager and Directors will draw salaries, fixed by the Council of the Bank, which salaries cannot be made dependent on the profits or the turnover of the Bank and the undertakings in which the Bank participates (Art. 56).

Art. 43.

The General Manager or his alternate attends the meetings of the Council without the right to vote and submits to it the recommendations of the Board of Directors.

Art. 44.

The meetings of the Board of Directors are called by the General Manager or his alternate whenever necessary; notice of the holding of the meeting is given to the President of the Bank. Minutes of the resolutions shall be kept in concise form and copies shall be sent to the President. The decisions are taken by a simple majority of votes.

E. The Auditing Committee.

Art. 45.

The General Meeting elects from among its members five auditors and three alternates (Art. 23) for the Auditing Committee. The Auditing Committee examines during the first quarter of each year the books of the Bank and submits its report to the General Meeting. Apart from this function the Auditing Committee may investigate any particular transaction of the Bank, after previous understanding with the President of the Bank. The latter may also demand such an investigation.

The Auditing Committee has the right to demand from the Council or the Board of Directors of the Bank any explanations as well as the presentation of the necessary books and vouchers.

The Auditing Committee elects a chairman from among its members and takes its resolutions by a simple majority of votes. The presence of at least three members is required to render valid decisions.

A retiring member of the Auditing Committee is replaced by the alternate who received the largest number of votes. Alternates may also perform the functions of members of the Auditing Committee in the absence of a member.

The salaries of the members of the Auditing Committee are fixed by the General Meeting.

IV. Issue of bank-notes.

Art. 46.

Until the 31st December, 1944, the Bank has the sole right to issue bank-notes which are legal tender and have unlimited power to liquidate obligations except in cases where pursuant to an explicit provision of law or of contract payment is required to be made in another manner.

This privilege may be prolonged by a special law.

Art. 47.

The Bank shall be obliged to give gold coins in exchange for bank-notes on demand and without limitation as to amount.

The date of the beginning of the obligatory convertibility of bank-notes into gold in accordance with the monetary law shall be fixed by a Decree of the Council of Ministers issued on the recommendation of the Minister of Finance and based on a resolution of the Council of the Bank.

Pending the establishment of convertibility of bank-notes as contemplated in the first section of this Article, the bank-notes shall be payable at the Bank's option in:

a) gold coins,

b) gold bars at the relation of 5924.44 zlotys to one kilogramme of fine gold,

c) foreign drafts in currencies convertible into gold according to mint parity; the Bank is entitled to charge in such cases a premium equal to forwarding charges of gold from Warsaw to the locality where the drafts are payable.

The bank-notes shall be convertible only at the Head Office of the Bank at Warsaw, and only in amounts exceeding 20.000 zlotys.

Art. 48.

The denominations of the notes to be issued by the Bank are determined by the Council with the approval of the Minister of Finance. Before new notes are put into circulation a full description of them must be published in the Official Gazette.

Art. 49.

The withdrawal from circulation of notes of a certain denomination or of all notes issued may be voted by the Council of the Bank subject to the approval of the Minister of Finance. The date fixed for the retirement of the notes, after the expiration of which they will be void, shall be published in the Official Gazette (Monitor Polski) and shall not be less than six months from the date of publication.

The equivalent of the notes not presented within the time prescribed shall be credited to the account of the Treasury.

Art. 50.

The counterfeiting of bank-notes is subject on the territory where the Russian Penal Code of 1903 is in force—to the penalties provided for counterfeiting Polish government notes, on the territory where the Austrian Penal Code of 1852 is in force—to the penalties provided for counterfeiting of public securities, and on the territory where the German Penal Code of 1877 is in force—to penalties provided for the counterfeiting of the paper currency of the country.

The above penal codes will be enforced both for the counterfeiting and uttering of bank-notes or for the attempt to do so.

Art. 51.

The notes in circulation and the sight liabilities of the Bank must be covered to the amount of at least 40 per cent by the following:

a) gold in coins and bars,
b) silver at its gold value, which item however may not exceed 5 per cent of the holdings of gold,
c) foreign monies,
d) balances with foreign banks of highest standing payable on demand or on not more than 30 days notice,
e) cheques and drafts on foreign banks of highest standing payable at sight,

f) bills of exchange accepted or endorsed by foreign banks of highest standing and payable within a period of 90 days.

The assets specified in paragraphs c) d) e) and f) must be in terms of foreign currencies convertible into gold.

The Council of the Bank shall determine which foreign currencies comply with the above conditions.

In calculating the net reserve the following items shall be deducted:

a) sums derived from loans secured by the gold of the Bank,

b) the Bank's obligations in foreign currencies payable within a period of 90 days.

The Bank shall carry three-fourths of its minimum reserve requirements, calculated according to this article, in gold coin and bars.

Art. 52.

Whenever the reserve ratio calculated in conformity with Art. 51, shall fall below 40 per cent, the Bank shall pay to the Treasury a tax on the excess circulation of notes above the sum covered to the amount of 40 per cent according to the following scale:

3 per cent per annum if the reserve ratio falls	below 40 per cent
6 " " " " " "	" " 37 " "
10 " " " " " "	" " 34 " " to 30 per cent incl.

and finally, in case of a further fall, the 10 per cent tax shall be increased by one per cent for each one per cent by which the reserve ratio falls below 30 per cent.

The tax shall be computed every ten days in connection with the preparation of the ten-day balance sheets.

If the reserve ratio falls below 40 per cent the discount rate of the Bank must exceed 6 per cent by at least one third of the rate of the tax paid to the Treasury.

Art. 53.

Bank-notes in circulation which are not covered by assets specified in Art. 51 must be covered by:

a) bills of exchange and other securities specified in Art. 55 par. a),

b) Polish silver coins and token money, not in excess however of 5 per cent of the total amount of bank-notes issued,

c) loans against securities specified in Art. 63,

d) interest bearing securities as specified in Art. 55 par. e),

e) the debt of the State Treasury on account of the non-interest bearing credit, of which the Treasury may avail itself up to the amount of 50 million zlotys throughout the duration of the Bank's privilege of note issue.

Art. 54.

The Bank will buy gold against bank-notes on demand at the statutory relation with a deduction of charges for minting, testing and other fees collected by the Government.

V. Operations of the Bank.

Art. 55.

In addition to the issue of notes (Art. 46–54) the operations of the Bank are as follows:

a) discount of bills of exchange, warehouse-certificates, securities and coupons (Art. 58–60),

b) granting of loans against collateral consisting of securities mentioned in Art. 63,

c) purchase and sale of gold and silver,

d) purchase and sale of foreign currencies, bills, cheques etc., keeping of accounts in foreign countries and utilization of credits necessary for these operations; in connection herewith the Bank is authorized to pledge its bill portfolio and other securities and to re-discount domestic and foreign bills of exchange;

e) purchase and sale for its own account of interest bearing Government, communal and mortgage bonds provided that not more than 10 per cent of the Bank's own capital may be engaged for this purpose.
f) acceptance of deposits (Art. 69) and opening of current accounts,
g) sale of cheques and money orders drawn on its own branch offices,
h) collection of bills of exchange and other documents,
i) receiving of deposits for safekeeping and administration (Art. 71),
j) all other banking operations for account of its customers.

Art. 56.

The Bank may not purchase any shares of stock or participations in enterprises for its own account with the exception of shares and participations in undertakings entrusted with the printing of bank-notes and other securities (Polska Wytwórnia Papierów Wartosciowych—Polish Securities Printing Works), undertakings whose purpose is the construction and maintenance of grain elevators and undertakings organized in conjunction with the Minister of Finance for the direct purpose of facilitating the operations of the Bank. The participation of the Bank in the share capital of the above mentioned undertakings may not exceed in the aggregate 25 million zlotys.

With the exception of the cases specified in Art. 57 the Bank may not purchase real estate for its own account, unless it be required for the offices of the Bank or the residences of the Bank employees.

The Bank may neither grant credits against its own shares nor purchase them for its own account; however it has the right to purchase them for the purpose of investing the pension fund of the Bank's staff therein.

Art. 57.

The Bank may purchase real estate for its own account and take over mortgages and other rights by cession, auction or execution, but only for the purpose of covering doubtful and overdue debts. The Bank must dispose of such properties at the latest within one year from the date of purchase. An extension of this term requires the approval of the President of the Bank.

Art. 58.

The Bank may discount bills of exchange resulting from actual commercial transactions. The maturity of these bills may not exceed three months and they must be payable in localities in which a branch or an agency of the Bank is established. They must ordinarily bear the signatures of at least three absolutely reliable firms or individuals, but by exception may bear only two such signatures.

Warehouse-certificates presented for discount must be payable likewise at the latest within three months and must bear the signatures of at least two absolutely reliable firms or individuals.

Warehouse-certificates fully guaranteed by agricultural products and bills of agriculturists for purchase of seeds, artificial fertilizers, agricultural machinery and tools and livestock may be payable in six months, but the total amount of these warrants and bills may not exceed 20 per cent of the Bank's portfolio.

The Bank is not obliged to disclose its reasons for non-acceptance of a bill for discounting.

Art. 59.

The discounting of bills will be effected in all parts of Poland at a uniform rate of discount, which is fixed by the Council and published in the Official Gazette.

Art. 60.

The Bank may discount Government, communal and mortgage bonds and their coupons, payable at the latest within within three months from the date of discount.

The total amount employed for discounting such securities may not exceed 10 per cent of the bill portfolio.

Art. 61.

The bills presented for discounting are examined by Discount Committees.

The Discount Committees decide by a majority of votes on the eligibility of bills and other securities, within the limits of the credits granted to individual clients.

The Discount Committees are presided over by the Branch Managers of the Bank. The chairman may reject bills or securities in spite of previous approval by the majority of the members of the Discount Committee, but must at the request of the committee, submit such cases to the Board of Directors.

Art. 62.

The members of the Discount Committees are appointed by the Council from among persons possessing a good knowledge of agriculture, industry and trade in a given district, after consultation with the business associations of that district. The Council will take steps to ensure that the more important branches of industry and commerce are represented on the Discount Committees.

The members of the Discount Committees are elected for three years and may be re-elected.

They receive no remuneration for the performance of their duties.

Members of the Discount Committees are under obligation to act with the greatest impartiality and conscientiousness and to treat these conferences as strictly confidential. No member is allowed to express his opinion, or to vote, or to influence other members in connection with the acceptance of bills or other securities of firms in which he is interested. Before taking office, the members of the Committees take an oath before the President of the Bank, or a person appointed by him. The text of the oath shall be determined by the Council.

Near relatives, and partners of, as well as employees in, undertakings owned by members of the Council or Discount Committees cannot be appointed members of these Committees.

Art. 63.

The Bank may grant loans and may open credits, for a period not exceeding three months, against the following collateral:

a) gold and silver,
b) bonds bearing fixed interest listed on the Polish Stock Exchanges to an amount not exceeding 20 per cent of the Bank's bill portfolio.
c) bills of exchange with a maturity not exceeding six months payable in this country or abroad in Polish or foreign currency, provided that the bills comply otherwise with the conditions laid down in Art. 58,
d) foreign currencies, bills, cheques etc. provided they comply with the provisions laid down in Art. 51 paragraphs c), d), e) and f).

Art. 64.

A collateral transaction is effected by the handing over to the Bank of the collateral securities, accompanied by a declaration from their owner authorizing the sale of the securities by auction or on the Stock Exchange in the event of the non-payment of the loan within ten days from the date of its maturity.

Art. 65.

The interest rate to be paid on loans guaranteed by collateral securities must be at least one per cent above the discount rate in force during the time for which the interest is calculated.

The Council of the Bank shall determine the other conditions and standards for such loans, and in particular draw up the list of securities and stipulate to what percentage of their value they will be accepted as collateral.

Art. 66.

If a debtor wishes to repay any debt to the Bank before it is due, he shall have the interest on the unexpired period refunded to him in accordance with principles laid down by the Council of the Bank.

Art. 67.

Should a loan guaranteed by a security not be repaid on the due date, the Bank will have the right to sell the security for the account of the debtor without applying to the Courts and without declaring the debtor in default. The sale may be effected on the Stock Exchange or by public auction through the intermediary of a notary public. The Bank is not obliged to inform the debtor of the proposed sale. The amount exceeding the debt to the Bank is placed at the disposal of the debtor after deduction of the expenses of the Bank incurred in connection with the sale of the collateral.

The Bank has the right to claim direct from the debtor the repayment of the debt, which was not paid on maturity regardless of its recourse to legal proceedings based on the collateral.

Art. 68.

The securities held as collateral by the Bank are not subject to protest or seizure for the collection of outstanding private, Government or other debts, and cannot before the full settlement of the Bank's claim including principal, interest and expenses of the advance, be transferred to the bankrupt's estate in case of the debtor's bankruptcy.

The sale of the pledged securities effected in accordance with Art. 67 cannot therefore be stopped by legal action.

Art. 69.

The Bank may receive on current, non-interest bearing accounts, against a simple receipt, domestic and foreign moneys and bank-notes to be repaid on demand or at a fixed date.

With the consent of the Minister of Finance the Bank may likewise accept interest bearing deposits but only from the members of its own staff.

The Bank may refuse to open accounts or to accept deposits and it may close any existing account without giving the reason for such action.

Art. 70.

At the request of the Minister of Finance the Bank is obliged to accept and effect payments to and from the account of the Treasury free of charge. In addition it may act as fiscal agent on behalf of the Treasury, provided that the transactions involved do not increase the Government's indebtedness to the Bank.

Art. 71.

The Bank receives for safekeeping gold, silver, cash and documents, in unsealed packages, as well as securities for safekeeping and administration. Government Departments and Courts of Justice authorized to accept deposits may allow these to be placed with the Bank. Such a deposit is then equal to one effected with those authorities or Courts of Justice who granted the permission, on condition that the depositor conforms to the restrictions laid down in the permit.

The depositing of securities with the Bank includes also trust funds, which may be deposited with the Bank on condition that the following procedure is observed: a deposit certificate shall be issued, on which the securities deposited and the owner's name are stated; instead of the coupon sheets an authorization giving the name of the person authorized to collect coupons, is delivered; the handing over of coupons is noted each time on the authorization.

Art. 72.

Deposit certificates issued by the Bank are transferable by endorsement, unless another mode of procedure be fixed at the time of the making of the deposit. The Bank may demand that the endorsement be confirmed by a court of justice or a public notary.

Art. 73.

The Bank transacts all operations in accordance with the present Statutes. In cases not provided for herein, the prescriptions of the existing law will be applied.

The scope and methods of conducting business authorized by the Statutes are fixed by the Council.

VI. Annual Report, Balance Sheet and Distribution of Profits.

Art. 74.

The financial year of the Bank corresponds to the calendar year.

Securities owned by the Bank are calculated in the balance sheet at the rate quoted on the Stock Exchange on the 31st December; should there be no quotations on that day—at the rate of the preceding days. Should however the rate quoted on the Stock Exchange exceed the purchase price, the latter is taken.

Of the overhead charges only expenses connected with the issue of bank-notes can be spread over a number of years.

Art. 75.

From the total annual net profit 10 per cent shall be credited to the reserve fund, until such time as it amounts to 20 per cent of the share capital; in the following years 5 per cent shall be set aside for the reserve fund, until it amounts to 50 per cent of the share capital.

From the remainder the Shareholders first receive a dividend not exceeding 8 per cent. Should the surplus, available after making the transfer to the reserve fund, not exceed 12 per cent of the share capital, out of the balance remaining after the subtraction of an 8 per cent dividend, one half shall be distributed among the Shareholders as super-dividend, the other half shall be paid to the Treasury. Should the profit, less the fund placed to reserve, exceed 12 per cent of the share

capital, out of the balance remaining after the subtraction of the 8 per cent dividend, of a 2 per cent super-dividend and payment of 2 per cent to the Treasury—one third shall go to the Shareholders and two thirds to the Treasury.

If the annual profit is not sufficient to enable the distribution of a dividend of 4 per cent, and if at the same time the reserve fund exceeds 10 per cent of the share capital, the reserve fund may be used to make up a 4 per cent dividend.

Art. 76.

The reserve fund is intended to cover losses and amortizations, which cannot be covered out of the annual profits, and for the completion of dividends up to 4 per cent (Art. 75).

At least half of the reserve fund must be invested in Government bonds.

Art. 77.

The shares of the Bank as well as the dividends and the super-dividends are tax exempt up to December 31st, 1937.

Art. 78.

The following statements shall be published by the Bank in the Official Gazette (Monitor Polski):

a) the annual balance sheet and the profit and loss account not later than a fortnight before the General Meeting,

b) a summarized balance sheet for each ten-day period at the latest seven days after the expiration of such period.

The summarized balance sheet must contain:

A. On the Assets side:

a) precious metals: gold and silver at their gold value (Art. 51, paragraphs a) and b),

b) foreign currencies, bills, cheques, drafts and balances with foreign banks included in the reserve against bank-notes in circulation,

c) Polish silver coins and token money (Art. 53, par. b),

d) bill portfolio (Art. 55, par. a),
e) loans against securities (Art. 63),
f) discounted (Art. 60) and purchased interest bearing securities (Art. 55, par. e),
g) the Treasury debt (Art. 53, par. e),
h) buildings and equipment,
i) other assets,

B. On the liabilities side:
a) share capital,
b) reserve fund,
c) bank-notes in circulation,
d) deposit accounts and other sight liabilities,
e) other liabilities.

VII. Winding up of the Bank.

Art. 79.

The Bank Polski may be wound up in virtue of a resolution taken by a majority of two thirds of the votes present at a General Meeting, specially called for the purpose. The agenda of this Meeting, including the question of the winding up of the Bank, must be published in the Official Gazette not later than four weeks before the date of the meeting. If the resolution for the winding up of the Bank is passed before the expiration of the term for which the Bank received the right to issue bank-notes, it shall require confirmation of the Legislature.

Art. 80.

In the event of the expiration of the right to issue bank-notes or of the liquidation of the Bank at an earlier date, the Treasury may take over the Bank, fully or partially, in virtue of a special law, at its balance sheet value, after verification by the Minister of Finance.

Art. 81.

In the event of the taking over of the Bank by the Treasury, the amount established as its value shall be handed over to the Council of the Bank for payment to the Shareholders. The

Council represents the interests of the Shareholders in the settlement and its competence in respect to matters resulting from the taking over of the Bank expires after the payment is made.

Art. 82.

Should the Government not exercise its right of taking over the Bank after the expiration of the note issue privilege, or should it exclude certain departments of the Bank, the General Meeting may decide upon the continuation of the operations of the Bank with the exception of the issue of bank-notes and of all rights and obligations appertaining thereto and of all other special privileges. In the latter case the Government acquires the right to the name of the Bank, while a General Meeting of the present Shareholders will draw up new Statutes under which the Bank will be subject to the same regulations as other joint stock banks. The Government cannot refuse the approval of the new Statutes if they are in accordance with the existing general regulations.

Art. 83.

The resolution to continue the operations of the Bank as an ordinary joint stock bank must be passed at a General Meeting by a majority of two thirds of the votes.

Art. 84.

If the Treasury does not take over the Bank, its liquidation shall be effected in accordance with the general regulations for the winding up of limited companies.

VIII. Special Privileges of the Bank.

Art. 85.

The Bank of Poland is exempt, with the exception of the tax on land and buildings, from all Government and communal taxes as well as from all stamp duties.

Art. 86.

No stamp duty is payable on the Bank's books or on documents issued by the Bank or its branches.

Art. 87.

The books of the Bank and the extracts therefrom, if duly made out, are public documents possessing the power of evidence and the evidences of indebtedness together with extracts from the Bank's books have the power of writs of execution and of mortgages.

Art. 88.

The Bank is free from the duty of registration.

Art. 89.

The Bank can be sued only before the competent Court of Justice at Warsaw.

Art. 90.

Disputes between the Government and the Bank, arising out of the application of the present Statutes and in connection with the right of issue of bank-notes, shall be decided by a Committee of Arbitrators without further legal proceedings.

The Committee of Arbitrators will be composed of the President of the Supreme Court as Chairman and of four members, two of whom will be appointed by the Council of Ministers and two by the Council of the Bank.

The decisions of the Committee of Arbitrators are passed by a simple majority of votes after previous hearing of the representatives of the Government and of the Council. In the event of an even number of votes, the Chairman has the casting vote. The Committee of Arbitrators is not restricted in its activities by special regulations, but is bound to assign definite reasons for its decisions.

30. FIRST REPORT OF THE FINANCIAL ADVISER.

Warsaw, January 18th, 1928.

To the Bank of Poland:

I have the honor to submit herewith my first quarterly report as the Foreign Member of the Council of the Bank of Poland and Financial Adviser to the Polish Government. This report is prepared in accordance with the provisions of the Stabilization Plan, Part III, Paragraph 3.

Very respectfully,

Charles S. Dewey
Foreign Member of the Council of the Bank of Poland and Financial Adviser to the Polish Government.

REPORT OF THE FINANCIAL ADVISER

Introduction

With the view to stabilizing the zloty on a gold basis, establishing Poland's credit at home and abroad, and ensuring a solid foundation for the economic development of the country, the President of the Republic of Poland, by decree dated October 13th, 1927, adopted a program of stabilization. On October 15th, 1927, the Republic of Poland contracted a loan for the purpose, among other things, of providing the Republic with funds requisite to enable it to carry out this Plan of Stabilization.

The Stabilization Plan provides for the election of an American as a member of the Council of the Bank of Poland to assist and advise the Bank in relation to its duties under the Stabilization Plan. The Government also agrees that this

American member of the Bank of Poland's Council shall be appointed Financial Adviser to the Republic of Poland to assist and advise the Government through the Ministry of Finance as to the various measures provided for in the Plan. The American member of the Council of the Bank of Poland, hereinafter called " the Adviser ", is elected for a period of three years. During his tenure of office he will also exercise certain functions as representative of the Fiscal Agents of the Loan.

While the Stabilization Plan relates in detail various measures to be taken to make it fully effective, it mentions only incidentally (Part III, Art. 5) as a possibility an arrangement—which has since become an actuality—an arrangement by which fourteen of the Central Banks of Issue of the world have agreed to assist Poland to continue its economic stability. This arrangement reflects the spirit of cooperation that underlies the entire Plan. It witnesses the public interest and confidence that Poland will pursue a course of hard work and follow a program of sound economic principles which will place her in a high position among those nations that have shown their friendship for her.

The Stabilization Plan provides that the Adviser will prepare a quarterly report on the progress of the various aspects of the Plan. The report will be addressed to the Bank of Poland which will promptly publish it.

It is the Adviser's intention not only to cover in his reports the measures referred to, but also to describe the general situation as regards the credit of Poland and the economic conditions as they exist in the country. Such estimates of conditions will be stated with all frankness and as a result of information gained as far as possible at first hand.

This first report covers only the first six weeks of the Adviser's residence in Warsaw. During this period all efforts have been directed to the development of machinery for putting into operation the measures provided for in the Stabilization Plan and under the Loan Agreement between the Government of the Republic of Poland and the Fiscal Agents of the External Loan, 1927.

PART I

BUDGETARY, FISCAL AND ADMINISTRATIVE MEASURES

As shown in Annex III to this report, the first nine months (April to December) of the fiscal year 1927–1928 have been quite prosperous for the government finances. As a result the total receipts have exceeded expectations by a considerable margin. The original estimate of receipts for the first nine months amounted to 1.495,000.000 zlotys; actual collections were 1.968,700.000 zlotys. Although actual expenditures also exceeded estimates the surplus of receipts was 214,000.000 zlotys. At the present rate it is expected that the receipts for the entire twelve months will reach at least 2.600,000.000 zlotys, and after providing for expenditures as now anticipated of about 2.300,000.000 zlotys will show a surplus of about 300,000.000 zlotys.

At the time the Stabilization Plan was drafted, it was not foreseen that existing revenues would produce so large a budgetary surplus, and the plan provided that the Government should at once create additional revenues above the budget estimates of at least 300,000.000 zlotys for additional expenditures for administrative purposes and for the service of the Stabilization Loan and in order to create a substantial surplus. As it is expected that the existing system will produce considerably more than this sum, the Government has not deemed it necessary to create new forms of revenue or to increase tax rates at the present time.

The Government is now considering an increase of pay to its employees, whose salaries have scarcely kept pace with the advance in cost of living resulting from the depreciation of the zloty in 1925 and 1926. The exact rate and method of increase has not yet been decided upon, but from information received any additional expenditures for this and other administrative purposes, including the service of the loan, will still leave a substantial surplus for the fiscal year 1927–1928.

The budgetary provisions of a general order in the Stabilization Plan are being followed. The budget for the fiscal year

1928–1929, as at present forecasted, shows receipts of 2.350,395.000 zlotys and expenditures of 2.228,251.000 zlotys.

Receipts, being intentionally estimated conservatively, as thus put at a figure considerably less than will be actually attained in 1927–1928, while expenditures are estimated at a figure not much differing from the probable actual total for 1927–1928.

A monthly statement will be sent by the Ministry of Finance informing the Adviser of any alterations in the annual budget subsequent to its promulgation, and this statement will also itemize any re-allocations of revenue from one item to another, all of which are subject to the approval of the Minister of Finance. It will also make mention of the allotments and actual expenditures under the system of monthly administrative budgets, which system is being continued.

Pursuant to the Stabilization Plan, the Minister of Finance has entered into an agreement with the Bank of Poland, whereby all the free funds of the Treasury will be deposited with that Bank, excepting those funds remaining in the Treasury Cash Offices or the Postal Savings Bank, the primary collecting agencies.

The Bank of Poland will receive not later than the 15th day of each month a report stating the balances, as of the last business day of the preceding month, in the Treasury accounts with the Postal Savings Bank and the Cash Offices.

The report of December 30, 1927, gives the following balances:

In the Treasury Cash Offices....	zl	79,418.529
In the Treasury account in Postal Savings Bank	„	15,873.487
In the Treasury account of the Bank of Poland	„	226,789.993
	zl	322,082.009

The free funds of the state-owned non-commercial enterprises, including among others the state railways, the state forests and the tobacco and spirits monopolies, will be kept sep-

arate from the general government funds, and for the present, at least, will continue to be deposited with the banks owned and operated by the Government. It is not thought that the use of their deposits in these banks will affect the monetary and credit policy of the Bank of Poland as the amounts are comparatively small, representing only working capital. The Government takes as its profit all sums earned by these enterprises in excess of necessary current requirements.

The Minister of Finance controls the budgets and financial operations of the state-owned enterprises through his representatives. A detailed statement as to the actual organization of this system of control is being prepared for the Adviser.

A plan for the organization of the railways on an autonomous basis or "régie intéressée" is now being formulated by the Government. The Ministry of Finance will provide the Adviser with a copy of this plan when completed.

The Minister of Finance has announced his intention to appoint a committee of experts to prepare a plan of tax reform and to make recommendations for the necessary changes in the existing system. He has already appointed a committee representing the different types of banking interests in Poland, to study the commercial banking laws and propose measures for the improvement thereof.

The Adviser is informed that since the date of taking effect of the Stabilization Plan the Minister of Finance has not made use of the broad powers given him by Article 9 of the 1927 budget law, allowing treasury funds to be lent to State Banks, municipalities, public enterprises and for other purposes, but has proceeded as if the revised article which, under the Plan, is to be incorporated in the 1928 budget law, were already in effect. The proposed budget law of 1928 provides that Treasury funds may be loaned to municipalities under the condition that such advances do not exceed 20% of the total funds derived from taxes collected by the Treasury on behalf of the municipalities as a whole during the year. For the period of operation of the Stabilization Plan the actual proportion of such loans has been between 5% and 6%, and it is not antici-

pated that the limit of 20% will in the future be attained. Arrangements have been made whereby the Adviser will be currently informed of such loans to municipalities as well as of the total expected revenue to be collected by the Treasury on behalf of the municipalities as a whole.

The Minister of Finance is preparing a plan whereby all external borrowing requirements either by the Government or by municipalities must be submitted to him for his approval before any negotiations are commenced. He also contemplates asking for legislation that will in a considerable measure give the Government control over private external borrowings.

The provisions contained in the Plan for the retirement of the floating debt have been fully complied with. This debt, which matured at various dates prior to December 31, 1927, has all been paid off.

Government receipts are well in excess of expenditures at the present time and unless some unforeseen condition arises should continue to show an excess. For this reason the Treasury Reserve provided for in the Plan to enable the Treasury to meet current expenses when current receipts are temporarily insufficient will not be immediately employed.

Part II

MONETARY STABILIZATION

The currency of Poland has been stabilized de facto for more than a year.

As part of the Program of Stabilization the Government agreed to take a number of measures to render this stability legally effective. By decree of the President of the Republic, dated October 13, 1927, the currency of the Republic of Poland is on a gold basis. The standard of value is the zloty which is divided into 100 groszes.

For mint parity 5924.44 zlotys are coined out of one kilogram of pure gold. Gold coins will be minted of a composition consisting of 900 parts of pure gold and 100 parts of alloy.

One kilogram of this composition is coined into 5332 zlotys. The proposed coins will be of the following denomination:

The 100 zloty piece containing			18.7546 grams	(9/10 fine)
„ 50 „	„	„	9.3773	„
„ 25 „	„	„	4.68865	„

The relationship of the gold zloty to other gold currencies is as follows:

8.914	zlotys are	equivalent	to	one United States Dollar
43.381	„	„	„	one Pound Sterling.
1.72	„	„	„	one Gold Franc.

The former legal value of the zloty was the same as that of the gold franc, so that the revalued unit is equal to (1 divided by 1.72) 58.14 percent of the former unit.

The Polish Government under the law of October 22, 1926, has renounced its right of issue of paper money. At the time of stabilization became effective, de jure, there were outstanding 280,000.000 zlotys of Treasury notes circulating as money. The Stabilization Plan contemplated their retirement in two ways:

a) The liability for 140,000.000 zlotys to be assumed by the Bank of Poland upon payment to it by the Government of an equivalent sum out of the proceeds of the loan.

b) The government will deposit with the Bank of Poland 90,000.000 zlotys to be used by it in minting silver coins not less than 500 fine, of 2 and 5 zloty denomination, to the total amount of 140,000.000 zlotys. The balance of the present Treasury note issue to be retired therewith.

As a matter of fact the retirement of 140,000.000 zlotys of Treasury notes was effected in November out of the free funds of the Treasury, this account being reimbursed directly from the proceeds of the loan. No bank notes consequently were issued to replace Treasury notes. The 140,000.000 zlotys of Treasury notes to be retired by exchange of silver coin remain outstanding, pending arrangement for the minting of an equivalent amount of coin.

The Bank of Poland is charged with, and henceforward will by all means in its power seek, the permanent stability of the

zloty, and with this end in view has taken a number of measures which required a modification of its statutes. By decree of the President of the Polish Republic dated November 5, 1927, the new statutes became legally effective. The chief changes are given below and their effect may be traced by reference to the Bank of Poland's statements.

1) The old statutes provided that the Bank should maintain a 30% cash reserve against its note circulation liability. This percentage was increased and the requirements broadened in the new statutes, by directing the Bank to maintain a 40% cash reserve against its deposit liability as well as its note circulation liability. Of this 40% the statutes require three quarters, that is, 30%, to be in gold coin or bullion. The Bank of Poland has recently contempleted its purchase of sufficient gold to bring its holdings up to the requirement, and now (December 31, 1927) has in vault or under " earmark " 31,1% of its note and deposit liability. It is the policy of the Bank to hold only substantially the minimum amount of gold required by the statutes, investing the balance of its cover in foreign bills readily convertible into gold.

2) During the year 1925 the Bank of Poland was doing all in its power to arrest the depreciation in the value of the zloty, using as one method the making of loans secured by devisen arising from credits granted by foreign business concerns to Polish concerns. Holders of bills payable in stable foreign currencies were often unwilling to sell their bills to the Bank to be added to its depleted exchange reserve. To overcome the reluctance of the bill holders to relinquish their ownership by sale, the Bank of Poland instituted a plan of acquiring the bills under a form of repurchase agreement. Transactions of this kind were shown in the Bank's statement under the asset item " avances sur reports " and the contra liability " engagements provenants de reports ". New transactions of this sort have now been suppressed and the outstanding amounts, together with the item of accounts in foreign currencies (" comptes en monnaies étrangères ") have been consolidated under the items " divers " on both sides of the statement.

3) The Stabilization Plan and modified statutes provide for an increase of the capital of the Bank of Poland from 100 million zlotys to 150 million zlotys, the Treasury to purchase the new stock at a price to be agreed upon by itself and the Bank, after giving consideration to the book value of the stock.

As already stated, on October 13, 1927, by decree of the Government the Polish zloty, formerly the equivalent the gold franc, was revalued so that one gold franc equals 1.72 zlotys. This devaluation of the zloty made it necessary to increase the nominal amount of certain assets of the Bank theretofore expressed in terms of zlotys of the value of one gold franc. The corresponding increase was taken up on the other side of the balance sheet as a special reserve. The apparent increase in book value of the stock by about 80,000.000 zlotys represents thus merely a change in the unit in which the value of these assets is expressed.

Despite the fact that after this revaluation of assets the balance sheet of the Bank prior to capital increase showed a book value of 184 zlotys per share, the old stock had been selling on the Warsaw stock exchange at a price of 155, which included dividend to be declared shortly after January 1st, 1928. In deciding upon the price to be paid for the stock by the Treasury the current price of the old stock rather than its book value was the controlling factor, and a conclusion was reached to fix this price at 150 zlotys per share.

As a result of this sale of 500.000 new shares of the Bank of Poland at a price of 150 zlotys per share, the capital of the Bank has been increased to 150,000.000 zlotys and the reserve account increased by 25,000.000 zlotys. In accordance with the terms of the Stabilization Plan the newly issued shares have been deposited with the Adviser, pending their re-sale by the Government to the public.

The Treasury now contemplates issuing rights to the stockholders of the Bank to subscribe for the new stock in proportion to their present holdings at a price of 150 zlotys per share. No date for this offer has at present been decided upon. This

offer by the Treasury, at a price substantially lower than the book value of the stock, is expected to overcome partially the disappointment of the old stockholders due to not receiving a stock dividend at the time the reserve was increased by the revaluing of certain assets of the Bank.

As stated in the Stabilization Plan (Part II, Par. 1) " under its present statutes the Bank of Poland, as a stock company, is entirely independent of the Government, which is not entitled to secure advances from the Bank or cause the Bank to issue any notes against State debt, except, however, within the limits now specially authorized in the Statutes of the Bank ".

Modification of Periodical Statement of the Bank. On November 10th the Polish Government was notified that $53,209.333.33 and £1,729.333.0.8 had been placed to its credit as the proceeds of the Stabilization Loan. The Treasury at once opened an account with the Bank of Poland under the caption " Special Account of the Minister of Finance " and deposited therein the zloty equivalent to its credit, amounting to zl. 549,326.477·30.

In order to fulfil the statutory requirements pertaining to gold cover, the Bank of Poland at once purchased $20,000.000 of gold in the New York and London markets, and invested the balance of the special account of the Minister of Finance in " devisen ", i.e. assets in stable foreign currencies. As a result of these transactions the percentage of the cover against note and deposit liabilities, pending a realignment of the balance sheet, rose temporarily to over 100 percent.

During the latter days of November, consideration was given to the subject of re-drafting the form of the periodical statement of the Bank. No radical changes were suggested, merely the changing of certain items in order that the statement might be more easily read by the general public.

By comparing the statements for November 20 and November 30, 1927, (Annex No. II) it will be noted that the first modification introduced among the assets is the dividing of item No. 1 to show:

a) gold in Poland
b) gold under earmark abroad
c) silver at its gold value

instead of the general items of gold and silver.

Further it was agreed that asset item No. 2 should be divided into item No. 2 showing devisen serving as cover and item No. 3 showing devisen not serving as cover. This latter includes devisen which will have to be taken out of the Bank in carrying out certain details of the Plan, for example to buy silver abroad, or to reimburse the suppressed " engagements provenant de reports ". It includes also the countervalue, in devisen, of the 75,000.000 zloty fund assigned as a Treasury Reserve.

Turning to the liability side of the statement, items No. 1 and No. 2 reflect the increase of capital of 50,000.000 zlotys and the increase of the reserve by 25,000.000 zlotys.

Item No. 3 represents the deposit liabilities requiring statutory cover. It includes, besides other current deposits, certain special sub-items arising in connection with the operation of the Stabilization Plan. These will be best understood by reference to the purposes to which the Stabilization Loan is applicable, listed as captions A to F in Part IV of the Stabilization Plan.

Item "A" of 75,000.000 zlotys is allocated for the increase of the capital of the Bank of Poland and its use has already been described.

Item " B " of 140,000.000 zlotys, the balance of which is mentioned under item No. 3 of the Bank statement of November 30 as "Account for Purchase of Treasury Notes ", has already been entirely used for that purpose, and no part appears in the bank statements of recent date.

Item " C " of 90,000.000 zlotys, mentioned in the Bank statement as "Account for the Purchase of Silver ", is to be applied to that purpose as soon as arrangements are completed for the minting of 140,000.000 zlotys of silver coins to be given in exchange for an equivalent amount of Treasury notes, thus retiring their entire outstanding circulation.

Item " D " of 25,000.000 zlotys, allocated to the discharge of the Treasury floating debt, was immediately used for that purpose and is not mentioned in the Bank's statement of November 30.

Item " F " of 135,000.000 zlotys is mentioned in the Bank's statement as " State Fund provided for Economic Development " but for a sum amounting to 146,136.583 zlotys, this fund having been increased over the amount originally estimated in the Stabilization Plan, owing to an increase in the principal amount of the loan at the time of its issue. Part of this sum has since been used for the purposes contemplated.

This " Fund F ", as it is called locally, is of particular interest to Poland, as its prompt, but well considered, use will be of great benefit to internal economic and credit conditions. The Plan provides that the principles and rules for the investment of the fund shall be agreed upon between the Government, the Bank of Poland and the Adviser. An agreement has been reached by them under which a committee of three persons, two representing the Government and one the Bank of Poland, shall consider and make unanimous recommendations to the Minister of Finance for the investment of the fund, which will be released by the Adviser in tranches of 20,000.000 zlotys. A detailed report will be made by this committee of three to the Finance Minister, the Bank of Poland and the Adviser, explaining the exact use made of each tranche. This report will be considered by them and recommendation made to the committee for further investment, prior to the release of the next tranche. In this way current requirements will be better served than if set rules were made at the beginning for the investment of the entire fund.

The securities received by the Government representing advances made from Fund " F " will be deposited with the Bank of Poland in a special portfolio. It is the duty of the Bank to make sales of these securities in Poland or abroad from time to time as the opportunity presents itself, and to reimburse Fund " F " with the proceeds of the sales. It is to be hoped that in this way new working capital will be progressively injected into Poland.

Item " E " of the Plan, amounting to 75,000.000 zlotys, mentioned in the Bank's statement (item 5) as " Special Account of the Treasury ", is to provide a working fund for the government to enable it to meet current expenses when current receipts are insufficient. The receipts of the Government being sufficient, there is no immediate use for this fund, and it is not placed among the sight liabilities of the Bank and therefore requires no statutory reserve.

The re-arrangement of the Bank of Poland's statement simplifies its reading and makes the development of the Stabilization Plan more easily understood. Greater knowledge due to better understanding should increase Poland's credit.

Part III

THE SERVICE OF THE LOAN

Pursuant to the loan agreement dated October 15th, 1927, between the Government of the Republic of Poland, acting through its Minister of Finance, and the Fiscal Agents of an international group of bankers, the Government contracted a loan for the purpose, among other things, of providing funds to carry out a comprehensive Plan of Stabilization.

The following table presents the principal amount of the loan and the semi-annual service and monthly service during the first year.

	Dollar Bonds	Sterling Bonds: Amount	Sterling Bonds: Dollar Equivalent at par *	Total in Dollars
Original principal ...	$62,000.000	£2,000.000	$9,733.000	$71,733.000
First semi-annual service	3,447.200	111.200	541.155	3,988.355
Monthly service ...	574.533	18.533.6.8	90.192	664.725
Balance of principal, second period ...	$60,760.000	£1,960.000	$9,538.340	$70,298.340
Second semi-annual service	3,403.800	109.800	534.342	3,938.142
Monthly service ...	567.300	18.300	89.057	656.357

Not only does the Republic of Poland pledge its full faith and credit for the payment of interest and principal of the loan,

* Converted at par, $4.8665 = £.

but it assigns for its service all gross revenue and income of whatsoever character received from import and export duties.

In the first instance the Fiscal Agents of the Loan are to be represented in Poland by the Adviser. Under instructions received from them the Adviser has set up the necessary system for the deposit of the gross assigned revenue into a blocked account for the service of the loan. The Adviser has also provided a method of recording the gross receipts of each Government sub-division or bureau collecting import or export duties. It is the Adviser's duty to arrange for the transfer of the monthly service of the loan, and upon authorization from the Fiscal Agents to release any surplus receipts of the assigned revenue to the use of the Polish Government.

Referring to the table given above, it will be noted that the total service of the loan during the first year amounts to $7,926.497. According to the records of the Ministry of Finance, the total gross receipts from import and export duties for the twelve month period November 1st, 1926, to October 31st, 1927, amounted (in round figures) to $32,200.000 (287,200.000 zlotys), if the zloty is taken at its present relation to the dollar, which relationship existed more or less constantly during the period mentioned.

The gross receipts for the month of November, 1927, were $3,805.000 (33,900.000 zlotys) and for December $3,870.000 (34,500.000 zlotys) as compared with $2,040.000 (18,200.000 zl.) for November, 1926, and $2,365.000 (21,100.000 zl.) for December, 1926. This advance in receipts from customs is not due to changes in rates of duty, but is apparently due to an increased purchasing power in the country, resulting in a constant upward trend in imports during the past twelve months.

The development of a system for keeping a record of the gross receipts of customs-collecting offices presented some difficulties. The Plan does not contemplate that the Adviser should have an elaborate staff, and for this reason any system, while supplying accurate information, must at the same time be simple. The following plan has been adopted and put into operation.

There are at present about 225 customs-collecting offices in Poland. Through six of these about 65% of the total customs dues are received. The remaining 219 offices are located either in small towns or at border points. The customs collectors at all offices have been instructed to deposit their gross receipts into a sub-division of the Fiscal Agents' account opened in the local branch of the Postal Savings Bank. The six large offices will make daily deposit of their gross receipts and the remaining small ones at least once every ten days. This delay in the case of the small offices is due to the distance of many of them from a town containing a branch of the Postal Savings Bank.

Each customs collector sends every ten days to the representative of the Fiscal Agents an account of his gross collections during that period.

The Bank of Poland sends every day an account of the total receipts into the Fiscal Agents' account, as well as of all withdrawals authorised by the Fiscal Agents.

The Ministry of Finance sends to the representative of the Fiscal Agents, at the earliest possible date, the definitive account of gross customs receipts collected during the preceding month.

These three separate reports should produce an identical result and enable the representative of the Fiscal Agents to check the actual payments and to make an independent analysis of the trend of customs receipts.

As already stated, the Bank of Poland makes a daily report as to amounts received from customs offices into the Fiscal Agents' account. When the balance in this account reaches the sum required to meet the monthly service of the loan, the representative of the Fiscal Agents instructs the Bank to transfer the monthly tranche, and upon advice of its receipt by the Fiscal Agents, and subject to other special conditions of the Loan Agreement, the Bank of Poland is authorized to pay over to the Government, during the remainder of the month, all further sums received from customs offices into the Fiscal Agents' account.

As a matter of fact the Polish Government has thus far paid, and intends normally to pay, each monthly tranche for the

service of the loan in advance, out of the free funds of the Treasury. In that case the receipts from the customs are immediately turned over from the Fiscal Agents' account to the general account of the Government.

Part IV

THE SHORT-TERM CREDIT SITUATION

Since 1921 Poland has substantially completed her task of reconstruction and replaced the vast amount of physical equipment destroyed during the period of hostilities. The rapidity with which Poland has replaced her capital losses severely strained her banking system and was directly responsible for bringing into existence certain state banking institutions through the medium of which the Government attempted to alleviate the shortage of capital and thereby assist economic reconstruction.

In May, 1924, the Government organized the National Economic Bank known as Bank Gospodarstwa Krajowego. Under its charter it is permitted to grant long term loans through issuing mortgage bonds, municipal and railway bonds and, for industrial needs, bank bonds, to foster building activities and the reconstruction of devastated land, and to carry on all banking business with particular consideration for the needs of the State, state enterprises and self-governing units. The By-Laws further define the activities of the Bank by enumerating them as granting authority to make:

a) long term loans,
b) building loans for the needs of reconstruction,
c) loans to savings institutions of self-governing units,
d) carrying on all banking operations.

In May, 1924, by decree of the President of the Republic, the Agrarian Bank, known as Polski Panstwowy Bank Rolny, was reorganized under the name of the Panstwowy Bank Rolny. This decree provided that the by-laws governing the above bank shall be issued by the Minister of Land Reform in agreement with the Minister of Finance and the Minister of

Agriculture. The object of the Bank is to foster land parcellation, to promote the development of Polish agriculture and to cooperate in organizing agriculture credits. This institution under the pressure of economic conditions somewhat broadened the sphere of activities for which it was originally intended, and has been granting short term credits out of funds provided by the State.

As a result the operations of the Agrarian Bank and the National Economic Bank somewhat overlapped. At the present time the authorities at the head of these Banks, together with the interested departments of the Government, are endeavouring by mutual arrangement to agree upon the exact activities of each institution.

During the period of inflation the joint stock banks were unable to adequately supply the short term credit requirements of the country, and influenced by this fact and with a view to tiding over the emergency the National Economic Bank began to deal directly with business firms. This practice has continued up to the present time, and raises a question which should be given considerable study; namely, the extent to which a government institution should compete in commercial business with privately owned banks.

During the period of most active reconstruction the private banks took their part in the work of extending loans, but in doing so were obliged to accept as collateral the only security to be had, namely an interest in the enterprise itself. With the fall of the zloty during the year 1925, much of this type of collateral became frozen assets and while deposits have recently commenced to increase rapidly, the commercial banks still lack cash with which to adequately meet the constantly growing demand for short term credit. At the present time the private banks' discount rate on short term credit bills is 12%, and while this rate invites foreign deposits into the country, yet they do not come in sufficiently large amounts to satisfy current demands and may cease entirely should interest rates fall.

A somewhat paradoxical aspect of the situation is the fact that, despite the great credit needs of the country, the Bank of

Poland is unable to employ all of the funds at its disposal. This condition is explained by the fact that the Bank, as a note-issuing institution requiring prompt liquidity of assets, cannot loan beyond three months, while the commercial practices and conditions are such that credits of somewhat longer term are chiefly demanded. At the present time neither industry nor agriculture arrange their finances in such a manner as to produce a sufficient supply of commercial paper eligible for rediscount by the Bank of Poland under its statutes. Consequently the Bank's rediscount rate of 8 per cent is not effective in reducing the general level of interest rates.

The demand for short term credit is still unsatisfied and the inability of the Bank of Poland to take an important position in extending it is demonstrated by the following figures, which show the total short term credits granted by all Polish banks in comparison with those granted (including rediscounts) by the Bank of Poland:

		December 31, 1924	July 30, 1927
Total short term credit. .	zl	694,400.000	1.829,000.000
Portfolio Bank of Poland	,,	288,900.000	427,000.000

Discounts and overdrafts at present bear the maximum legal rate of 12% but the small merchant who has no banking credit is in even more difficult position. He is financed by the wholesaler and purchases his requirements on open account. This type of indebtedness bears an interest rate varying from 1½ to 3% per month, in the different sections of Poland, and as the retailer attempts to pass his costs on to the purchaser, prices are maintained at a high level and industry stifled. The Government is taking steps to prosecute those exacting such usury.

It would appear of paramount importance, if the present situation is to be remedied, that a campaign of education be undertaken by the banks to bring industry into the realization of the necessity of producing commercial paper eligible for rediscount under the statutes of the Bank of Poland. The present high rates of interest may be productive of temporary profits for the banks, but if continued will injure the prosperity of the country.

Part V

ECONOMIC CONDITIONS

Notwithstanding the many difficulties under which Poland has laboured—war destruction and disorganization, scarcity of capital, instability of currency, diversity of previous economic and political life in the several regions now combined into one state—the country has made very decided economic progress since the close of the war. The year 1927 witnessed a marked recovery from the depression which ruled during the greater part of 1925 and 1926. Economic conditions, considered as a whole, have been more satisfactory than in any other year of the history of the Republic. The same statement holds good of almost every separate branch of activity.

Agriculture is by far the most important factor in Polish economic life. Nearly two-thirds of the population lives on the land. From an agricultural standpoint the year 1927 was reasonably satisfactory. The crops harvested in the autumn of 1926, although below the altogether exceptional "bumper" figures of 1925, were in general a little above the average of recent years. The harvest of 1927 itself was considerably better still; broadly speaking the output of the major crops was about one-tenth greater than the year before. The increase was due primarily to higher yields per unit of area resulting from favorable weather conditions, greater use of fertilizers and improved tillage. There was a slight increase in area planted, but Poland has reached a point where, unless sacrificing its forests, little can be added to the productive lands without large capital outlay for drainage of swamp-lands.

Polish agriculture now stands at substantially its prewar level. The planted area is only slightly less than the average of years immediately before the war, and taking the last three years together the average yield per acre for most crops has equalled or exceeded the prewar figure.

Perhaps the best single indicator of the volume of production of all branches of industry combined is furnished by the num-

ber of cars loaded on the railways. The figures for 1927 were much higher than those of any other postwar year. Already in 1926 a considerable increase had appeared as compared with the two years preceding; this gain, however, had been chiefly in export traffic, the shipment abroad of coal having been greatly stimulated by the British coal strike. In 1927, with car-loadings for export at a slightly lower level, the total number loaded for all purposes was about one-eighth greater than in 1926, which in turn had exceeded slightly the highest previous record, that of 1923. The increase over 1926 in the number of cars loaded for destinations within Poland itself was 25 per cent. The increase was shared by practically every class of commodities. It was particularly conspicuous in building materials, apparently reflecting gain in construction activity. Excluding crops, the movement of which is highly seasonal, the domestic car-loadings in Poland during the last quarter of 1927 were about 11 per cent greater than in the same quarter of 1926 and more than 50 per cent greater than in the first quarter of 1926.

The enhanced activity of the industries during 1927 is likewise brought out by the data as to employment. The total number employed in manufacturing, mining, metallurgy, public enterprises and utilities (not including the State railways) and public works reached in the latter part of the year a figure materially higher than any previously recorded (792,000 in October). For the year as a whole the average number so employed was about one-fourth greater than the average for 1926, and about one-tenth greater than for 1925.

Correspondingly the number unemployed fell off in 1927. The number of persons actually out of work is somewhat less than the number registered at employment offices as seeking jobs. Some for example are at work on farms but desire factory or mine employment. At the height of the depression of 1926 about 300,000 were registered as seeking work. The number fell below 200,000 at the end of that year, rose slightly in the spring of 1927, and then declined rapidly to a minimum of little over 100,000 in the fall of the year. The proportion

of factory workers on part-time was also much less in 1927 than in either of the two years preceding.

The increase in number employed and the decrease in part-time employment in 1927 as compared with 1926 was general in practically all branches of manufacturing industry.

Statistics of actual output are available for the mining and metallurgical industries of Poland. The production of coal, the most important mineral product, was greater in 1927 than in any other postwar year, notwithstanding the fact that export of coal was less than in 1926. It was nearly equal to the prewar output. The quantity of petroleum produced has never since the war attained its former proportions; it shows little change from year to year. Salt production is substantially stationary, but that of potash, a postwar development, becomes year by year more important. Iron-ore production in Poland is highly variable, depending in part on the demand for steel and in part on the accessibility and price of imported ores; a certain proportion of the latter is required in every case, owing to the low iron-content of the domestic ore. Output of iron ore in the first 10 months of 1927 was 65% greater than in the same period of 1926 and at a rate considerably greater than in 1913.

Polish production if pig-iron and crude steel reached a postwar record in 1927, although still considerably less than in 1913. As compared with 1924, 1925 and 1926, in all of which years the iron and steel industry was considerably depressed, a very marked gain in output appeared. For the eleven months ending November pig-iron production was 95% and steel production 59% greater than in the corresponding period of 1926.

Poland is one of the largest zinc-producing countries of the world. Part of the product of the smelters is from one brought across the border from neighboring mines in German Upper Silesia. The production was substantially stationary for several years before 1927, at a level about one-fourth less than before the war. In 1927 an increase appeared of more than one-fifth over 1926, bringing the total nearly up to the prewar figure.

Foreign Trade. There have been extraordinary changes in the balance of Poland's foreign trade during recent years, changes which are by no means fully reflected in annual totals of exports and imports and that can be appreciated only from monthly data. One of the aims of economic policy for the future must be to make more stable both the outflow and the inflow of goods. Owing to the decline in the exchange value of the zloty during the latter part of 1925 and the first part of 1926, the true changes in trade can best be judged from data expressed on a gold basis.

The value of imports has shown especially marked fluctuations. On a gold basis the total annual value of exports showed little change during the three years 1924 to 1926, but in 1927 was about 13% greater than the year before. On the other hand imports, which were considerably larger in 1925 than in 1924, fell off greatly in 1926, following the decline in buying power of the zloty and the imposition of various restrictions on the inflow of commodities. In 1927, on the other hand, imports were nearly twice as great as the year before, and in gold value were the greatest ever recorded. While these large imports consisted in great proportion of necessary raw materials and of machinery and other equipment, they caused the balance of trade again to become " unfavourable ". The excess of imports over exports for 1927 was $42,800.000, as compared with the abnormally great excess of exports over imports in 1926, which amounted to $79,100.000. From March, 1924, to August, 1925, imports continually exceeded exports; the opposite was the case in every month from September, 1925, to March, 1927, while each month since then the balance has again been on the side of imports. Throughout the year 1927, and particularly during the last six months, imports of almost every separate class of goods were greater than the year before.

One of the causes of the shift from an excess of exports in 1926 to an excess of imports in 1927 was the over-exportation of grain immediately following the harvest of 1926, which necessitated the reimportation of large quantities later on. This

unfortunate and expensive movement of grain points to the need of a more satisfactory system of warehousing grain after harvest, and of enabling producers to secure advances on their stored product. Steps in this direction are in contemplation.

During the three months April, May and June, 1927, the value of grain (including flour) imports was 102,900.000 gold francs, whereas the corresponding figure for 1926 was 3,690.000 gold francs.

Although the recent unfavourable trade balance does not appear entirely satisfactory from the point of view of international payments, no solicitude is felt at this time on this account for the reason that much of the increase has been for the purchase of productive goods. Furthermore, it is an indication of an enhancement of the purchasing power of the population. The increasing excess of imports over exports during 1927, viewed in conjunction with enlarged national production for the domestic market, denotes an augmentation of the per capita consumption of the country and may be considered a sign of increasing prosperity.

Charles S. Dewey
Foreign member of the Council of the
Bank of Poland and Financial Adviser
to the Polish Government.

ANNEX II *

BANK OF POLAND

STATEMENT OF NOVEMBER 20, 1927

Assets		
1. Coin and bullion		
a) Gold	zl 458,239.829	
b) Silver	,, 2,226.015	zl 460,465.844
2. Balances in foreign banks, devisen and foreign currencies		
a) Serving as cover	zl 902,229.999	
b) Not serving as cover	,, 45,770.567	,, 948,000.566
3. Polish silver money and small coins		,, 1,332.332
4. Portfolio		,, 431,369.023
5. Loans on collateral		,, 33,255.923
6. Loans secured by foreign currencies		,, 14,220.000
7. Government securities bought and coupons discounted		,, 6,252.862
8. Investments of Bank reserve		,, 27,244.098
9. Advance to the Treasury		,, 25,000.000
10. Buildings and equipment		,, 36,282.185
11. Miscellaneous		,, 45,788.052
		zl 2.029,210.887
Liabilities		
1. Capital stock		zl 100,000.000
2. Reserve		,, 4,653.130
3. Special reserve		,, 79,674.422
4. Banknotes in circulation		,, 867,469.360
5. Demand liabilities		
a) Current deposit account of the Treasury	zl 122,743.366	
b) Other current deposit accounts	,, 191,635.490	,, 314,378.857
6. Special account of the Treasury		,, 555,376.477
7. Accounts in foreign currencies		,, 25,029.730
8. Liabilities resulting from loans secured by foreign currencies		,, 15,822.000
9. Miscellaneous		,, 66,806.911
		zl 2.029,210.887

Discount rate..........8% Loans on collateral..........9%

* Annex I, constituting the Program of Stabilization, is not reprinted as an annex to this report, as it appears earlier in this volume as document Number 1, p. 13.

BANK OF POLAND

STATEMENT OF NOVEMBER 30, 1927

ASSETS		
1. Coin and bullion		
Gold in vault	zl 277,387.808	
Gold earmarked abroad	,, 230,832.137	
Silver in vault at its gold value	,, 2,275.488	
	zl 510,495,433	
2. Balances in foreign banks, devisen and foreign currencies serving as cover	,, 651,173.691	zl 1.161,669.124
3. Balances in foreign banks, devisen and foreign currencies not serving as cover		,, 229,776.803
4. Polish silver money and small coins		,, 743.030
5. Portfolio		,, 430,905.047
6. Loans on collateral		,, 34,246.268
7. Securities bought and coupons discounted		,, 6,082.372
8. Investments of bank reserve		,, 30,656.387
9. Advance to the Treasury		,, 25,000.000
10. Buildings and equipment		,, 36,282.185
11. Miscellaneous		,, 56,407.046
		zl 2.011,768.262
LIABILITIES		
1. Capital stock		zl 150,000.000
2. Reserve		
a) Statutory reserve	zl 4,653.130	
b) Special reserve	,, 104,674.422	,, 109,327.552
3. Demand liabilities		
a) Current deposit account of the Treasury	zl 226,936.845	
b) Other current deposit accounts	,, 146,136.584	
c) Account for redemption of Treasury Notes	,, 30,000.000	
d) Account for purchase of silver	,, 90,000.000	
e) State fund designated for economic development	,, 141,342.480	
f) Miscellaneous accounts	,, 10,108.820	
	zl 644,524.729	
4. Banknotes in circulation	,, 939,895.830	,, 1.584,421.559
5. Special Treasury account		,, 75,000.000
6. Miscellaneous		,, 93,019.151
		zl 2.011,768.262

Discount rate............8% **Loans on collateral..........9%**

ANNEX III

STATISTICS OF GOVERNMENT FINANCES

PUBLIC DEBT OUTSTANDING DECEMBER 31, 1927

EXTERNAL DEBT		Original currency	Equivalent in zlotys	Equivalent in dollars 8.9 zl.=$1.00
Total external debt.............			3.861,748.139	433,904.285
Bond issues				
6% Dollar Loan of 1920.......	$	19,574.500	174,213.050	19,574.500
7% Italian Loan of 1924.......	Lire	368,647.000	173,743.331	19,521.723
8% Dollar Loan of 1925.......	$	30,800.000	274,120.000	30,800.000
7% Stabilization Loan of 1927..	$	62,000.000	551,800.000	62,000.000
7% Stabilization Loan of 1927..	£	2,000.000	87,040.000	9,779.775
			1.260,916.381	141,675.998
Debts to foreign governments (relief debts)				
Denmark....................	Danish Kr.	414.950	991.731	111.430
France......................	French Frs.	1.073,417.492	376,823.211	42,339.687
Netherlands.................	Dutch Fl.	7,907.633	28,507.017	3,203.036
Norway.....................	£	1.447	62.973	7,076
Norway.....................	Norweg. Kr.	19,608.800	46,541.481	5,229.380
United States................	$	174,060.000	1.549,134.000	174,060.000
Switzerland..................	Swiss Frs.	86,850	149,525	16,800
Sweden.....................	Swedish Kr.	6,347.490	15,286.661	1,717.602
Great Britain................	£	4,725.930	205,672.516	23,109.272
Italy........................	Lire	72,625.000	34,228.163	3,845.861
			2.257,397.284	253,640.144
Debts to private creditors				
Private railroads.............	French Frs.	3,000.000	1,053.150	118.332
Baldwin Locomotive Works....	$	1,990.000	17,711.000	1,990.000
			18,764.150	2,108.332
Post war liquidation debt				
Austrian 4% Gold Renten Loan.	Gold Kr.	158,616.140	286,044.437	32,139.824
Hungarian 4½% Sinking Fund Renten Loan...............	Gold Kr.	277.615	500.644	56.252
Austrian 4½% Treasury Bonds of 1914..................	Gold Kr.	21,141.047	38,125.243	4,283.735
			324,670.324	36,479.811
Total service charge on external debts, calendar year 1928...			277,729.110	31,295.552

INTERNAL DEBT			Zlotys	Equivalent in dollars 8.9 zl.=$1.00
Total internal debt.............			473,645.439	53,218.588
Interest bearing debt.........			322,180.029	36,200.003
Non-interest bearing debt.....			151,465.410	17,018.585
Total service charge on internal debts, calendar year 1928...			32,850.041	3,691.017

RECEIPTS FROM CUSTOMS BY MONTHS

	Millions of zlotys		Thousands of dollars*	
	1926	1927	1926	1927
January	12.0	19.1	1,590	2,145
February	11.3	17.4	1,510	1,950
March	14.9	27.4	1,910	3,075
April	16.5	23.0	1,830	2,560
May	13.4	32.5	1,2[illegible]0	3,645
June	14.4	22.0	1,425	2,470
July	16.8	29.6	1,885	3,320
August	15.9	22.0	1,785	2,470
September	16.5	28.7	1,850	3,230
October	18.6	26.2	2,085	2,940
November	18.2	33.9	2,040	3,805
December	21.1	34.5	2,365	3,870

* Converted from July 1926 to date at present par (1 zloty=$.1122) which corresponds closely with actual current exchange; from January to June 1926 at average monthly exchange rates. The figures being converted from the round figures in millions and tenths of millions of zlotys, are expressed in round form only.

TOTAL BUDGETARY RECEIPTS AND EXPENDITURES

IN ROUND FIGURES

	Receipts	Expenditures	Excess of receipts
In zlotys—			
Actual, April 1, 1926—March 31, 1927	2.139,400.000	1.983,400.000	156,000.000
As budgeted, April 1, 1927—March 31, 1928*	1.993,500.000	1.991,200.000	2,300.000
Actual, April 1, 1927—December 31, 1927	1.968,700.000	1.754,700.000	214,000.000
Actual, April 1, 1926—December 31, 1926	1.534,500.000	1.440,600.000	93,900.000
In dollars at par**—			
Actual, April 1, 1926—March 31, 1927	240,040.000	222,540.000	17,500.000
As budgeted, April 1, 1927—March 31, 1928	223,670.000	223,410.000	260.000
Actual, April 1, 1927—December 31, 1927	220,890.000	196,880.000	24,010.000
Actual, April 1, 1926—December 31, 1926	172,170.000	161,635.000	10,535.000

* Revised budget figures.

** All conversions are made at the present par; one zloty = .1122 dollars. This corresponds closely with the actual exchange rates from July, 1926, to date but is slightly below the average exchange for the three months April to June, 1926, considered as a whole.

BUDGETARY RECEIPTS BY MAJOR GROUPS

	Total	Taxes	Monopolies (net)	Administration	Public Enterprises** (net)
Actual, April 1, 1926—March 31, 1927	2.139.4	1.128.1	627.0	233.3	151.0
Budget, April 1, 1927—March 31, 1928 *	1.993.5	1.020.1	650.9	214.6	107.8
Actual, April 1, 1927—December 31, 1927	1.968.7	1.067.6	566.6	179.3	155.1
April—June, 1926	423.6	236.0	126.8	48.3	12.5
July—September, 1926	486.9	249.7	154.6	44.4	38.2
October—December, 1926	624.0	328.2	177.0	70.6	48.2
January—March, 1927	604.9	314.2	168.6	70.0	52.1
April—June, 1927	611.3	317.1	175.8	66.8	51.6
July—September, 1927	589.9	307.6	182.7	47.5	52.2
October—December, 1927	761.5	443.0	208.1	65.0	51.3

* Revised budget figures.

** Includes only enterprises making a profit.

BUDGETARY RECEIPTS BY INDIVIDUAL SOURCES

IN MILLIONS OF ZLOTYS

	1926—1927 Actual	1927—1928 Budget	April-December, 1927	
			Actual	Percent of year budget
Taxes, total	**1.128.1**	**1.020.2**	**1.067.6**	**105**
Capital levy	68.1	95.0	39.4	43
Extraordinary taxes*)	43.5	62.3	71.3	114
Direct ordinary taxes	513.9	438.4	454.1	104
Including—				
Land tax	91.8	63.0	40.6	64
Commerce and industry	225.8	196.0	212.6	108½
Income tax	114.6	120.0	132.0	110
Other direct taxes	81.7	59.4	69.0	116
Stamp and registration taxes	140.8	112.3	128.3	114
Customs	215.3	182.0	252.3	139
Indirect internal taxes	146.5	130.2	122.3	94
Monopolies, total	**627.0**	**650.9**	**566.6**	**87**
Tobacco	291.0	273.6	269.1	98
Spirits	278.8	320.4	252.5	79
Other	57.2	56.9	45.0	79
Public enterprises (net) total**	**151.0**	**107.8**	**155.1**	**144**
Railways	33.3	36.5	46.0	126
Posts and telegraphs	22.9	10.4	20.2	194
State Forests	89.3	56.0	80.0	143
All other**	5.5	4.9	8.9	182
Administrative miscellaneous***	**233.3**	**214.6**	**179.3**	**84**
Grand total	**2.139.4**	**1.993.5**	**1.968.7**	**99**

* Addition of 10 per cent to ordinary taxes.
** Includes only enterprises making a profit.
*** Including trust receipts for retirement funds.

BUDGETARY EXPENDITURES BY MAJOR GROUPS

IN MILLIONS OF ZLOTYS

	Total	General Administration	Retirement and Pensions	Debt Service	Enterprises showing deficit*
Actual, April 1, 1926—March 31, 1927	1.983.4	1.640.8	181.7	149.5	11.4
Budget, April 1, 1927—March 31, 1928**	1.984.9	1.641.6	183.4	145.1	14.8
Actual, April 1, 1927—December 31, 1927	1.754.7	1.413.2	187.0	137.1	17.4
April—June, 1926	454.7	358.1	41.9	51.6	3.1
July—September, 1926	455.2	389.3	46.5	15.8	3.6
October—December, 1926	530.7	427.2	52.7	48.5	2.3
January—March, 1927	542.8	466.2	40.6	33.6	2.4
April—June, 1927	535.8	412.9	61.7	57.8	3.4
July—September, 1927	523.1	441.9	62.4	17.0	1.8
October—December, 1927	695.8	558.4	62.9	62.3	12.2

* Polish telegraph agency (press), State manufactures for army supplies, enterprises accessory to post and telegraphs, State mint; figures represent excess of expenditures, including investments, over receipts.
** Revised budget figures.

EXPENDITURES BY MINISTRIES

	Millions of zlotys		
	1926—1927	1927—1928	April—December 1927
	Actual	Budget*	Actual**
Total	**1.983.4**	**1.984.9**	**1.754.6**
Higher authorities***	17.5	17.7	16.1
Ministry of Foreign Affairs	40.6	39.6	35.4
Ministry of War	624.6	610.8	572.7
Ministry of Interior	184.6	187.7	148.3
Ministry of Finance	102.9	102.0	81.9
Ministry of Justice	87.2	97.2	76.3
Ministry of Industry and Commerce	26.7	34.0	32.0
Ministry of Communication	3.2	3.3	2.7
Ministry of Agriculture	31.7	37.7	28.6
Ministry of Religion and Education	293.5	329.3	259.1
Ministry of Public Works	103.6	87.5	83.7
Ministry of Labor and Social Relief	78.0	58.3	50.4
Ministry of Agricultural Reform	46.5	36.5	26.0
Retirement Allowances	71.1	82.0	76.4
Pensions and Invalid Payments	110.6	101.4	110.5
Public Debt Service	149.5	145.1	107.2
Losses of Certain Enterprises	11.4	14.8	17.3

* Revised budget figures.
** Preliminary figures.
*** President, Sejm, and Senate, Comptroller, Council of Ministers.

TOTAL IMPORTS, EXPORTS AND BALANCE OF TRADE
(EXCLUDING GOLD AND SILVER)

		Imports	Exports	Excess of Imports	Excess of Exports
Millions of zlotys	1924	1.479	1.266	213	
	1925	1.666	1.397	269	
	1926	1.549	2.253		704
	1927	2.896	2.515	381	
Equivalent in millions of gold francs (5.18=1 dollar)	1924	1.479	1.266	213	
	1925	1.603	1.272	331	
	1926	896	1.306		410
	1927	1.680	1.458	222	
Equivalent in millions of dollars	1924	286	244	41	
	1925	309	246	64	
	1926	173	250		79
	1927	324	281	43	

PRINCIPAL ITEMS OF THE BALANCE SHEET OF THE BANK OF POLAND

IN MILLIONS OF ZLOTYS

	December 1924	December 1925	December 1926	March 1927	June 1927	September 1927	October 1927	November 1927	December 1927
Assets									
Gold									
in vault	103.4	133.6	138.8	152.0	161.7	183.2	326.5	277.4	352.8
earmarked abroad								230.8	164.5
Silver							2.2	2.3	2.6
Balances in foreign banks, devisen and foreign currencies									
serving as cover	269.0	69.7	164.9	234.6	218.9	243.2	396.8	651.2	687.5
not serving as cover							80.3	229.8	207.1
Polish silver money and small coins	27.5		29.1	1.9	5.8	0.3	1.9	0.7	9.8
Portfolio	257.0	289.4	321.3	351.9	387.8	419.7	432.6	430.9	456.0
Collateral loans and securities purchased or discounted*	32.0	91.3	57.5	45.1	58.0	79.3	85.3	71.0	47.1
Advances to the Treasury	20.8	50.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
Miscellaneous**	41.6	50.0	170.6	238.5	254.2	332.8	86.0	92.6	85.2
Liabilities									
Capital stock	100.0	100.0	100.0	100.0	100.0	100.0	100.0	150.0	150.0
Reserve		1.3	3.3	4.7	4.7	4.7	84.3	109.3	94.4
Demand liabilities and banknotes in circulation	620.2	482.4	735.6	879.5	942.7	1.100.1	1.144.3	1.584.4	1.662.8
Banknotes in circulation	550.9	381.4	592.7	668.4	727.5	844.5	929.4	939.9	1.003.0
Miscellaneous	31.1	100.3	68.4	64.8	64.0	78.7	108.0	168.0	130.4
Discount Rate	12.0	12.0	10.0	8.5	8.0	8.0	8.0	8.0	8.0

* Including up to October 1927 loans secured by deposit of foreign currencies.
** Including buildings and equipment.

CURRENCY CIRCULATION

	Total	Bank-notes	Treasury notes and small coins	Including: Treasury notes	Including: Small coins	Including: Silver	Including: Nickel & bronze
	In millions of Zlotys						
December 1925	815.0	381.4	433.6	281.8	151.8	90.0	61.8
December 1926	1.021.1	592.7	428.4	287.5	140.9	64.6	76.3
January 1927	992.1	584.8	407.3	270.5	136.8	88.8	48.0
February ,,	1.046.7	633.5	413.2	274.9	138.3	89.4	48.9
March ,,	1.091.0	668.4	422.6	286.9	135.7	88.4	47.3
April ,,	1.128.3	693.7	434.6	297.2	137.4	89.7	47.7
May ,,	1.104.3	705.2	399.1	264.2	134.9	88.4	46.5
June ,,	1.121.4	727.5	393.9	257.9	135.9	89.2	46.7
July ,,	1.129.3	744.9	384.4	248.3	136.1	89.2	46.9
August ,,	1.190.9	793.8	397.1	259.4	137.7	89.7	48.0
September ,,	1.253.0	844.5	408.5	269.1	139.4	89.9	50.2
October ,,	1.339.4	929.4	410.0	268.1	142.0	90.1	51.9
November ,,	1.289.1	939.9	349.2	208.5	140.8	89.3	51.5
December ,,	1.312.3	1.003.0	309.3	167.0	142.3	90.2	52.1

EXCHANGE RATES FOR DOLLARS AND STERLING AT WARSAW
(MONTHLY AVERAGES)

	Zlotys per Dollar			Zlotys per Pound Sterling		
	1925	1926	1927	1925	1926	1927
January	5.18	7.48	8.99	24.86	36.38	43.71
February	5.18	7.50	8.95	24.80	36.52	43.51
March	5.18	7.80	8.95	24.83	37.97	43.53
April	5.18	9.16	8.93	24.92	44.63	43.46
May	5.18	10.55	8.93	25.23	51.31	43.45
June	5.18	10.08	8.93	25.27	49.12	43.44
July	5.18	9.18	8.93	25.33	44.79	43.43
August	5.25	9.05	8.93	25.62	44.09	43.48
September	5.84	9.00	8.93	28.35	43.79	43.51
October	5.98	9.00	8.91	29.07	43.74	43.46
November	6.53	9.00	8.90	31.85	43.69	43.45
December	9.09	9.00	8.90	44.00	43.73	43.52

INDICES OF WHOLESALE AND RETAIL PRICES AND COST OF LIVING

Last week of the month		January—June 1925 = 100. On basis of Current Zlotys			January—June 1925=100. Gold basis			January 1914=100 Gold basis		
		Wholesale Prices	Retail Prices	Cost of Living Warsaw	Wholesale Prices	Retail Prices	Cost of Living Warsaw	Wholesale Prices	Retail Prices	Cost of Living Warsaw
December	1925	117.7			72.2			98.7		
December	1926	142.2	143.4	137.4	81.9	82.6	79.1	112.0	146.5	114.7
January	1927	142.7	144.2	139.2	82.5	83.3	80.4	112.8	147.8	116.6
February	,,	144.1	143.9	138.9	83.4	83.3	80.4	114.1	147.8	116.5
March	,,	145.8	142.9	138.1	84.6	82.9	80.0	115.8	147.1	116.0
April	,,	150.4	143.5	140.0	87.3	83.3	81.3	119.4	147.7	117.8
May	,,	151.8	145.7	141.2	88.1	84.6	81.9	120.5	150.0	118.8
June	,,	151.5	144.9	141.5	87.9	84.1	82.1	120.2	149.1	119.0
July	,,	152.3	143.1	137.0	88.4	83.0	79.5	120.9	147.2	115.3
August	,,	151.4	143.1	138.3	87.9	83.0	80.3	120.1	147.2	116.4
September	,,	150.4	145.4	139.3	87.3	84.4	80.9	119.3	149.6	117.2
October	,,	150.5	145.5	141.2	87.9	84.5	82.1	119.7	150.0	119.0
November	,,	152.0	146.9	144.5	83.3	85.4	84.0	120.9	151.5	121.8
December	,,	—	—	—	86.9	—	83.5	—	—	121.0

SHORT-TERM CREDITS HELD BY BANKS IN POLAND

	December 31, 1926	March 31, 1927	June 30, 1927	August 30, 1927
Total	**1.372.3**	**1.523.7**	**1.723.0**	**1.932.6**
Bank of Poland*	360.0	329.9	427.3	470.0
Private joint stock Banks**	485.9	523.5	588.3	663.5
Branches of Foreign Banks	55.0	61.5	95.8	124.0
Governmental and Municipal Banks	471.4	540.2	611.6	675.1
Bank Gospodarstwa Krajowego	335.0	375.7	400.1	420.8
Panstwowy Bank Rolny	102.9	121.3	159.1	200.5
Pocztowa Kasa Oszczednosci	25.5	33.5	39.7	40.2
2 Municipal Banks	8.0	10.3	12.7	13.6

* Bills discounted, loans on collateral, loans secured by foreign currencies.
** Excluding rediscount.

INDIVIDUAL DEPOSITS IN ALL BANKS

IN MILLIONS OF ZLOTYS

	December 31, 1926	March 31, 1927	June 30, 1927	August 30, 1927
Total Deposits	**1.218.3**	**1.395.6**	**1.468.9**	**1.616.9**
Bank of Poland and State Banks	501.3	612.7	597.6	633.2
Private Joint-Stock Banks*	514.0	534.9	568.3	646.7
Savings Institutions and Cooperative Credit Associations	203.0	248.0	303.0	337.0

* Including Branches of Foreign Banks.

PRODUCTION OF MINERALS

THOUSANDS OF METRIC TONS

	1925	1926		1927		
		January—June	July—December	I quarter	II quarter	III quarter
Coal	29.081	13.973	21.774	10.109	8.103	9.526
Crude Petroleum	812	405	391	173	183	182
Potassium Salts	179	100	108	75	63	75
Salt	330	150	189	85	82	107
Iron Ore	212	123	192	117	123	140
Zinc and Lead Ores	1.130	572	561	263	219	269
Pig Iron	315	145	182	132	143	167
Crude Steel	782	304	484	307	297	337
Rolled Iron and Steel	585	214	319	211	209	249
Zinc	114	60	64	35	38	39

IMPORTS, EXPORTS AND BALANCE OF TRADE, BY MONTHS

IN MILLIONS OF GOLD FRANCS

	1925			1926			1927			1927					
										Raw materials and industrial products			Foodstuffs and animals		
	Imports	Exports	Balance	Imports	Exports	Balance	Imports	Exports	Balance	Imports	Exports	Balance	Imports	Exports	Balance
January	169.1	107.5	— 61.6	47.3	109.2	+ 61.9	107.7	114.8	+ 7.1	83.7	79.8	— 3.9	24.0	35.0	+ 11.0
February	150.7	103.0	— 47.7	47.8	90.7	+ 42.9	112.0	116.4	+ 4.4	86.2	75.9	— 10.3	25.8	40.5	+ 14.7
March	190.1	120.5	— 69.7	72.9	88.2	+ 15.4	128.3	128.7	+ 0.4	96.4	89.0	— 7.4	31.9	39.7	+ 7.8
April	182.4	89.6	— 92.8	68.2	93.8	+ 25.6	148.2	119.4	— 28.8	110.4	83.5	— 26.9	37.8	35.9	— 1.9
May	185.8	105.9	— 79.9	52.3	89.7	+ 37.5	163.8	114.2	— 49.6	106.2	77.9	— 28.3	57.6	36.3	— 21.3
June	170.0	103.7	— 66.4	63.5	102.0	+ 38.5	160.0	114.0	— 46.0	105.9	75.2	— 30.7	54.1	38.8	— 15.3
July	181.3	86.9	— 94.4	65.8	120.6	+ 54.9	136.2	113.9	— 22.3	108.4	83.6	— 24.8	27.8	30.3	+ 2.5
August	116.2	99.1	— 17.1	92.1	128.6	+ 36.5	129.9	120.6	— 9.3	111.2	90.6	— 20.6	18.7	30.0	+ 11.3
September	66.8	99.7	+ 32.9	85.4	114.7	+ 29.3	127.1	119.1	— 8.0	108.2	82.8	— 25.4	18.9	36.3	+ 17.4
October	69.1	113.0	+ 43.8	102.2	117.9	+ 15.8	151.1	137.7	— 13.4	124.8	92.2	— 32.6	26.3	45.5	+ 19.2
November	70.8	130.0	+ 59.2	108.0	131.7	+ 23.8	155.6	133.5	— 22.1	120.6	81.7	— 38.9	35.0	51.8	+ 16.8
December	50.4	113.3	+ 62.9	90.9	118.8	+ 27.8	160.4	125.5	— 34.9	126.3	84.1	— 42.2	34.1	41.4	+ 7.3
Total Gold Francs	1.602.8	1.272.1	—330.8	896.2	1.306.0	+409.8	1.680.3	1.457.8	—222.5	1.288.3	996.3	—292.0	392.0	461.5	+ 69.5
Zlotys	1.665.6	1.396.5	—269.1	1.549.4	2.252.9	+703.5	2.896.0	2.514.7	—381.3						

EMPLOYMENT AND UNEMPLOYMENT

Months	Number employed							Unemployed			Persons employed part time 1927**
	Total			Mining	Metallurgy	Manufactures	Miscellaneous *	1925	1926	1927	
	1925	1926	1927	1927	1927	1927	1927				
January	666.742	519.240	662.656	156.218	52.977	406.193	47.268	175.020	311.090	208.536	32.745
February	655.618	532.425	672.907	155.960	53.992	414.936	48.019	184.430	359.810	213.592	27.370
March	659.332	541.492	697.318	148.339	54.580	438.261	56.138	185.400	358.430	205.770	23.170
April	667.574	559.861	710.721	140.936	55.188	451.719	62.878	180.720	345.010	190.578	34.504
May	677.871	564.980	734.803	139.375	56.546	466.149	72.733	173.140	320.520	174.349	35.520
June	696.933	591.086	750.531	140.947	56.990	476.157	76.437	171.340	303.720	159.365	58.670
July	670.882	599.886	756.353	140.801	57.622	486.911	71.019	174.977	288.513	147.713	19.750
August	642.179	620.284	774.276	140.519	58.089	505.572	70.096	184.910	263.540	132.952	22.689
September	638.022	638.780	771.110	141.724	58.457	503.294	67.635	195.040	241.790	116.843	51.678
October	631.398	667.353	791.957	143.229	58.513	523.589	66.626	213.480	213.690	115.732	39.003
November	618.910	675.983	777.876	144.584	58.642	521.515	53.135	249.666	196.550	139.919	38.076
December	573.679	641.471						302.253	200.570	160.440	

* Public utilities, waterworks, electrical plants and manufactures of military supplies.
** Only in manufacturing industry.

PRINCIPAL INDIVIDUAL IMPORTS AND EXPORTS

IN MILLIONS OF GOLD FRANCS

IMPORTS	Jan.—Nov. 1926	Jan.—Nov. 1927	EXPORTS	Jan.—Nov. 1926	Jan.—Nov. 1927
Wheat and wheat flour	2.0	81.8	Wheat and wheat flour	15.9	2.3
Rye and rye flour	1.4	33.6	Rye and rye flour	41.2	2.2
Corn	3.1	21.9	Barley	23.7	13.4
Rice	11.9	25.5	Sugar	64.8	65.8
Colonial food products	40.6	54.9	Meats	31.9	34.3
Fish	18.9	27.7	Butter and cheese	15.4	23.2
Edible fats	14.7	30.3	Eggs	71.3	94.7
Tobacco	21.2	18.4	Forage	25.3	36.3
Hides and leather	42.6	82.0	Live swine	44.4	88.6
Zinc ore	13.6	26.9	Wood and manufactures	190.1	336.3
Iron ore	5.7	13.0	Plants and seeds	20.5	33.2
Rubber and rubber products	9.7	20.2	Coal and coke	230.3	186.6
Fertilizers	9.8	20.4	Petroleum and products	67.1	47.4
Technical oils	28.4	37.9	Heavy iron and steel	20.8	39.4
Scrap iron	5.5	30.4	Zinc	80.7	88.3
Machinery	46.2	116.2	Cotton cloth	21.2	28.3
Electrical apparatus	24.0	37.7	Wool yarn	14.7	15.8
Automobiles	8.8	25.4			
Paper and paper materials	20.6	40.0			
Cotton	144.2	152.5			
Cotton yarn	12.9	23.2			
Cotton cloth	12.2	19.7			
Wool	55.3	105.9			
Wool yarn	9.5	33.0			
Silk cloth	9.4	17.9			

CAR MOVEMENT ON POLISH STATE RAILWAYS

DAILY AVERAGE OF 15 TON CARS

	Cars loaded in Poland							Other traffic		
	Cars loaded for destination in Poland					For export	Total	Import cars received	Transit	Grand Total
	Agricultural products	Raw materials	Industrial products	Miscellaneous	Total					
1926	1.558	3.945	838	2.548	8.889	3.632	12.521	710	855	14.086
1927										
January	1.072	5.287	671	2.229	9.259	3.480	12.739	875	944	14.558
February	1.079	5.694	852	2.545	10.170	3.437	13.607	1.139	1.132	15.878
March	1.276	4.688	1.030	2.909	9.903	3.349	13.252	1.162	1.233	15.647
April	953	4.265	975	2.761	8.954	3.059	12.013	1.059	1.011	14.083
May	1.023	4.712	1.050	2.868	9.653	3.040	12.693	1.269	1.063	15.025
June	934	4.971	1.084	2.962	9.951	3.246	13.197	1.121	1.147	15.465
July	910	5.371	1.163	3.182	10.626	3.357	13.983	1.166	1.188	16.337
August	1.126	5.204	1.192	3.208	10.730	3.547	14.277	1.086	1.140	16.503
September	1.412	5.357	1.191	3.315	11.275	3.545	14.820	1.053	1.131	17.004
October	3.371	5.442	1.038	3.427	13.224	3.401	16.625	1.128	1.148	18.901
November	3.283	5.617	1.011	3.367	13.278	3.236	16.514	1.173	1.157	18.844

31. LISTING APPLICATION FILED WITH NEW YORK STOCK EXCHANGE.

Committee on Stock List, New York Stock Exchange A—7918

REPUBLIC OF POLAND STABILIZATION LOAN, 1927

Seven Per Cent External Sinking Fund Gold Bonds (Coupon Bonds) Due October 15, 1947

DOLLAR BONDS

Definitive bonds:	
Authorized issue..................	$62,000,000
Amount of Bonds applied for by this application..................	62,000,000

Authorized by:

Decree of the President of the Republic dated October 13, 1927, such decree being made by virtue of powers conferred under the law of August 2, 1926. By said Decree the Minister of Finance was duly authorized to conclude and to carry out the contract for the creation and issue of Bonds and the creation of security therefor, and to sell such Bonds.

Agreement between the Republic of Poland, by its Minister of Finance, and Bankers Trust Company and The Chase National Bank of the City of New York, dated October 15, 1927.

No further authority is required.

Washington, D. C., March 20, 1928.

The Republic of Poland hereby makes application for the listing on the New York Stock Exchange of $60,000,000 Republic of Poland Stabilization Loan, 1927, Seven per Cent. External Sinking Fund Gold Bonds dated October 15, 1927, due October 15, 1947, upon official notice of issuance in exchange for listed and outstanding Interim Receipts, with further authority to add to the list $2,000,000 of said Bonds upon official notice of issuance, in exchange for Foreign Receipts outstanding, making the total amount applied for $62,000,000 Bonds (total authorized dollar issue) included in numbers M-1 to M-62,000 inclusive for $1,000 each, and numbers D-1 to D-124,000 for $500 each and numbers C-1 to C-620,000 for $100 each.

Authority for Issue

The Minister of Finance of the Republic of Poland by virtue of Decree of the President of the Republic dated October 13, 1927, such decree being made by virtue of powers conferred under the law of August 2, 1926, was duly authorized to conclude and to carry out the contract for the creation and issue of Bonds and the creation of security therefor, and to sell such Bonds. The bonds are issued in accordance with the terms of an agreement dated October 15, 1927 between the Republic of Poland and Bankers Trust Company and The Chase National Bank of the City of New York, Fiscal Agents for the loan.

Purpose of Issue

The Stabilization Loan is designed to consolidate and perpetuate a condition of monetary stability and budgetary equilibrium which the Polish Government has already achieved by its own efforts. The Plan of Stabilization represents a comprehensive monetary, budgetary and administrative program for ensuring a stable gold currency which will constitute a solid foundation for the development of the Nation's resources and facilitate relations with external markets by enhancing the credit of Poland already established at home and abroad.

Description of the Bonds and Payment of Principal and Interest

The text of the bonds and the accompanying coupons is in the English language. The bonds are dated October 15, 1927, and mature October 15, 1947. They are subject to prior redemption in whole or in part (except for Sinking Fund) on October 15, 1937, or on any interest date thereafter at the option of the Republic on thirty days' published notice at 103. The bonds bear interest from October 15, 1927 at the rate of 7% per annum, payable semi-annually on October 15 and April 15 in each year. They are issued in denominations of $1,000, $500 and $100 in coupon form, registerable as to principal only at Bankers Trust Company.

All payments of principal, interest and premium, including principal and premium of bonds called by the Sinking Fund, shall be made in gold coin of the United States of America of or equal to the standard of weight and fineness existing on October 15, 1927, or at the option of the bearer or registered owner of the bonds and/or bearer of the coupons, in English pounds sterling at the rate of $4.8665 per pound sterling, or in Swiss francs of the gold standard of weight and fineness existing on such date at the rate of 5.183 Swiss francs per dollar, or in Dutch florins of the gold standard of weight and fineness existing on such date at the rate of 2.488 florins per dollar, or in Swedish kronor of the gold standard of weight and fineness existing on such date at the rate of 3.731 kronor per dollar or shall be collectible at the option of the bearer or registered owner of the bonds or bearer of the coupons in French francs at the buying rate for sight exchange on New York of the Associate Fiscal Agent in France on the date of presentation for collection.

Such payments if in dollars shall be made at the offices of the Fiscal Agents in the United States of America, or if in sterling, at the office of Lazard Brothers & Co., Ltd., or its successors, or if in French francs, shall be collected at the office of Banque de Paris et des Pays Bas, or its successors, or if in Swiss francs or Dutch florins or Swedish kronor, shall be made

at such offices in Switzerland, The Netherlands, or Sweden respectively as the Fiscal Agents may designate.

Principal, interest, sinking fund and premium shall be paid by the Republic, in so far as it is concerned, in time of war as well as in time of peace, irrespective of the nationality or residence of the bondholder or coupon holder and whether or not the bondholder or coupon holder is a citizen of a friendly or a hostile state, and without requiring any declaration as to the citizenship or residence of such holders, or as to the length of time such holder has been in possession of such bond or coupon; and free of all taxes or imposts of whatsoever nature, now or hereafter levied by or within the Republic.

The definitive bonds are signed by the Minister of the Republic at Washington. In addition to such signature, the definitive bonds bear the facsimile signature of the Minister of Finance of the Republic and facsimile signatures on behalf of the Commission of Control of the Public Debt, and are sealed with the seal of the Republic's Legation at Washington. The bonds are countersigned (for identification) by Bankers Trust Company on behalf of the Fiscal Agents. Such countersignature shall be conclusive evidence, and the only evidence, that the bonds have been duly issued.

Bonds of the denomination of either $1,000 or $500 are exchangeable for an equal aggregate principal amount of bonds of the other denomination. Bonds of the denomination of $100 may be exchanged for an equal aggregate principal amount of bonds of the denomination of $1,000 or $500, but bonds of the denomination of $1,000 or $500 may not be exchanged for bonds of $100 denomination. All exchanges of denominations of bonds shall be made in accordance with such reasonable regulations as the Fiscal Agents may prescribe upon payment by the bearer or registered owner of a reasonable fee fixed by the Fiscal Agents to cover the cost of the exchange.

Security

The bonds constitute the direct obligations of the Republic which pledges its full faith and credit for due and prompt payment of principal, premium, interest and sinking fund. As

specific security the Government has assigned all gross revenues and income of whatever character received by or on account of the Republic from duties, imposts, taxes and charges of whatever character imposed by it or by its authority or for its account upon or in respect of importations and exportations (the latter so long as export duties are maintained), and including any customs revenues such as those of the Free City of Danzig in which the Republic has or may hereafter have any interest. The gross customs revenues are paid into a special account of the Fiscal Agents of the Loan with the Bank of Poland, known as "Account of the Fiscal Agents of the External Loan of 1927." The Government is entitled to draw thereon, in each month, only after a sum equal to 1/6 of the current semi-annual service charge which includes sinking fund has first been transferred to the Fiscal Agents.

The customs revenues for the three fiscal years ending March 31, 1927 have averaged in excess of the equivalent of $40,000,000 per annum, being over 5 times maximum annual service requirements of the Loan. During the first six months of the fiscal year 1927–1928 customs receipts amounted to the equivalent of about $17,700,000, being over 170% of budget estimates.

Mutilated, Lost or Destroyed Bonds

In case any bond or coupon shall be mutilated, stamped, destroyed, lost or stolen, the Republic shall execute and issue, and the Fiscal Agents shall cause to be registered or countersigned and delivered, a new bond or coupon of like tenor and denomination and which may in the discretion of the Fiscal Agents bear the same serial number (except that in case stamped bonds or coupons not otherwise mutilated are surrendered in exchange for bonds or coupons not stamped, the new bond or coupon shall bear a different serial number) in exchange for and upon surrender and cancellation of such mutilated or stamped bonds (with its coupons, if any), or coupon, or in lieu of and substitution for the bond (with its coupons, if any), or coupon, so destroyed, lost or stolen. The

applicant for such substituted bond or coupon shall furnish evidence of the destruction, loss or theft of the bond (with its coupons, if any), or coupon so destroyed, lost or stolen, and indemnity. The evidence and the indemnity shall be satisfactory to the Fiscal Agents and to the Republic acting through its diplomatic representative at Washington. The applicant for the bond or coupon to be given in exchange or substitution shall pay the cost of preparation and issue thereof.

Redemption

In addition to the amortization of the loan through the semi-annual Sinking Fund payments, the Republic may, at its option, redeem the bonds on October 15, 1937, or on any interest date thereafter, in whole or in part, by call by lot at 103% of their principal amount. Notice of election to redeem and funds for redemption shall be given to the Fiscal Agents not less than 45 days prior to the redemption date.

The particular bonds to be redeemed shall be determined by lot by drawings conducted by the Fiscal Agents not later than 35 days preceding the interest date on which the bonds are to be redeemed. Notice of the bonds so drawn for redemption, including their serial numbers, shall be published at least two times in one or more newspapers of general circulation in the City of New York and such other cities, if any, as may be selected by the Fiscal Agents. The first publication shall be made at least 30 days immediately preceding the redemption date. In the case of registered bonds so drawn, notice may be mailed to the registered owner. On or after such date and at one of the places so specified in the notice, the holder of each bond so called for redemption may surrender the same, with all coupons maturing after such date. Upon such surrender, there shall be paid to the holder of such bonds, out of funds provided for that purpose by the Republic, the redemption price of such bond. Any bond so called for redemption and for the payment of which funds shall have been provided by the Republic, shall cease to bear interest after such redemption date, and all coupons for subsequent interest shall be void.

Sinking Fund

The Republic agrees to retire the entire Loan in semi-annual installments commencing at the annual rate of 4% for each of the first four years and increasing such annual rate ½ of 1% for each succeeding four year period to a maximum rate of 6% per annum. Such retirement is to be effected by the tender of bonds or by cash sinking fund payments applicable to the purchase of bonds at or below the redemption price and accrued interest or, if not so obtainable, to the redemption on April 15, 1928 and semi-annually thereafter upon thirty days' published notice of bonds called by lot at 103%. Notice of redemption of bonds for the sinking fund shall be made in the same manner as above provided for the redemption of bonds in whole or in part.

Default

In the event of any failure on the part of the Republic to pay the interest, sinking fund, principal or premium of the bonds as contemplated or to comply with any other covenant contained in the agreement with Bankers Trust Company and The Chase National Bank of the City of New York for the benefit of the bonds, and if such failure or default shall have existed for a period of six (6) months, the entire principal amount of the bonds at the time outstanding together with the premium thereon may be declared and shall become due by election of the holders of at least twenty-five per cent. in amount of the outstanding bonds, such election to be evidenced by declaration communicated to the Fiscal Agents and by them to the Republic.

Poland

With an area of approximately 150,000 square miles and a population approaching 30,000,000, Poland ranks as the sixth nation of Europe as regards both territory and population.

Poland possesses immense natural resources, especially timber, coal and oil, and it is the second largest producer of zinc ore in the world. The iron and steel industry of Poland is

highly developed and is located principally in the coal districts where it enjoys favorable operating conditions. The country is served by about 12,000 miles of railway line owned entirely by the Government and operated at a profit.

Public Debt

The public debt of the Republic of Poland as of June 30, 1927 was as follows:

INTERNAL DEBT	Zlotys	Maturity
1—5% Short Term Loan of 1918 Assignats...	3,411,702	....
2—5% Long Term Loan of 1920............	1,492,077	....
3—5% Short Term Loan of 1920............	1,741,416	....
4—4% Premium Loan of 1920..............	1,039	....
5—8% Internal Gold Loan of 1922 (gold basis)	16,306,031	Oct., 1927
6—4% Treasury Bonds, Series I, and 5% Treasury Bonds, Series II, III, IV..	2,310	....
7 6% Treasury Bonds:		
Gold Series I A....................	2,460	....
Gold Series I B....................	6,528	....
Gold Series I C....................	5,987	....
6% Gold Treasury Bonds, I D...........	8,271	....
6% Gold Treasury Bonds, II A..........	176,530	....
8—Bonds for payment of taxes..............	8,655	....
9—10% Railway Debentures (gold basis).....	70,232,760	1934
10—5% Conversion Railway Debentures 1926..	4,805,850	1967
11—5% Premium Dollar State Loan, Series I and II (gold basis)...............	44,771,755	....
12—5% Conversion Loan	75,274,934	1947
13—8% Treasury Bonds:		
Series I	3,975	....
Series II	2,400	1945
Series III	75	....
Series IV	1,200	....
Series V	250	....
14—7% Treasury Bonds, Series VI...........	16,000,000	....
15—7% Treasury Bonds:		
Series VII	1,550	....
Series IX	39,000	....
Series X	610	....
Series XIII	3,416,000	....
Series XIV	3,000,000	....
16—6% Treasury Bonds, Series XV..........	25,000,000	....
Total	Zl.265,713,365 ($29,808,000)	

Note: Loans numbered 1, 2, 3 and 4 were issued in Polish Marks. The privilege of conversion into the 5% Conversion Loan, listed as number 12, was subsequently given and many of the bonds converted. The period of presenting these obligations for conversion has been extended from time to time and the bonds of these loans listed above represent the balance as yet unconverted.

Loans numbered 5, 9 and 11 are payable on a gold basis and in the above statement are calculated at their real gold value in paper zlotys.

Of the above loans the 10% Railway Debentures and the 5% Conversion Railway Debentures are secured by a mortgage on certain parts of the State Railways.

The Treasury Bonds mature in from 3 to 6 months from date of issue.

Advances	Amounts in Zlotys	Amounts in Dollars
1—Non interest bearing advances afforded by the Bank of Poland in favor of the Treasury...	25,000,000	....
2—Advances afforded by the National Economic Bank in favor of the Treasury............	23,584,793	....
	48,584,793	$5,450,000
TOTAL INTERNAL PUBLIC DEBT...	314,298,158	$35,258,000

EXTERNAL DEBT

A. Loans Contracted by Means of Issue of Bonds

	Maturity	Amount in currency payable	Amount in dollars
1—6% External Loan of 1920 in gold dollars*.....................	1940	$19,574,500	$19,574,500
2—8% External Loan of 1925 in gold dollars at 105%*.............	1950	33,075,000	33,075,000
3—8% Six Year Treasury Gold Notes of 1921 (to meet payment due to the Service Motor Truck Co. of Indiana)..................	....	337,900	337,900
4—7% External Loan in Italian Lire...	....	L. 379,835,500	20,716,228
Total			$73,703,628

* Listed on New York Stock Exchange.

NOTE: The 8% Loan of 1925 is secured by (a) the gross receipts from the Government Railways, subject to the prior rank of the 10% Internal Railway Debentures and the 5% Conversion Railway Debentures which are secured on a portion of the property by mortgage, and (b) the Sugar Excise Taxes.

The Italian Lira Debt is secured by a mortgage on the property and by pledge of revenues of the Polish Tobacco Monopoly which is a State Institution having a separate legal personality.

In the above statement the 8% Loan of 1925 is carried at 105% at which price it is payable.

B. Obligations to Foreign Governments

	Maturity		Amount in currency payable	Amount in dollars
5—To the United States of America	1984			
6—To Great Britain......	1935 and		$175,060,000	$175,060,000
7—To France	....	1940	£4,781,549	23,238,328
8—To Italy	1930	F. F.	1,041,999,685	40,898,487
9—To Norway	1940	Lire	75,000,000	4,090,500
10—To Norway	1940	£	1,462	5,241,435
11—To Sweden	1940	N. Kr.	19,812,000	
12—To Denmark	1940	S. Kr.	6,251,500	1,681,654
13—To Netherlands.	1932 and	D. Kr.	419,250	112,233
14—To Switzerland	1940	1940 Gild.	7,912,833	3,173,046
		S. F.	87,750	16,920
Total			....	$253,512,603

C. Indebtedness to Private Creditors Abroad

15—In France	F. F.	3,000,000	$117,750
16—In the United States of America		$3,005,859	3,005,859
Total			$3,123,609

D. Post War Liquidation Debt

Debt taken over from former Austrian Empire	G. K.	180,810,802	$36,637,194
TOTAL EXTERNAL DEBT			$366,977,034

Note: The Loans in foreign currencies have been converted into dollars on the basis of about the rate of exchange prevailing on September 26, 1927. Zlotys have been converted at the rate of 8.914 Zlotys to the dollar.

The Polish Government has guaranteed payment of the following obligations:

Obligations of State banks to private concerns..	Zl. 69,821,954	$7,833,000
Obligations of State banks to savings depositors.	8,426,039	945,000
State mortgage bank bonds....................	171,751,349	19,267,000
To private concerns	90,523,775	10,155,000
	Zl. 340,523,117	$38,200,000

Under the Treaty of Versailles and under the Treaty of St. Germain, Poland also has a number of items of debit and credit which are still in suspense and in the main unliquidated, but it is calculated that, on net balance the debt of Poland will not thereby be increased materially if at all.

The Polish Government has concluded favorable arrangements with the American, British, Italian, Dutch, Norwegian, Swedish, Danish and Swiss Governments for the refunding of their respective Treasury advances and payments under such arrangements are being regularly made.

Debt Record

The Republic of Poland has never defaulted in payments on any internal or external obligations nor scaled down interest payments on such obligations except as stated above nor suspended any sinking fund payments with respect to such obligations.

Payments on Account of Foreign Debt

The following sums were paid by the Polish Government on account of its foreign debt:

Year ending March 31:	Payments on account principal	Payments on account interest	Total
1927......................	$6,424,046	$7,184,689	$13,608,735
1926......................	5,817,858	11,941,776	16,759,634
1925......................	3,469,545	3,367,885	6,837,430
1924......................	2,949,813	1,390,879	4,340,692
1923......................	1,374,885	1,777,376	3,152,261
1922......................	2,052,663	1,023,675	3,076,338
1921......................	4,851,683	991,773	5,843,456
1920......................	213,967	....	213,967

The rate of exchange used above is the current rate at time of payment.

Rate of Exchange of Zlotys

The Zloty became the single official monetary unit of Poland on April 28, 1924. Its value was equivalent to the gold franc. Polish marks were converted into the new monetary unit on the basis of 1,800,000 Polish Marks for one Zloty. After 1925 the Zloty declined in value to about 49% of its par value, but after May, 1926 rose to about 58% and has remained at about that rate for a period of over a year. Under the Stabilization Plan it has been given a gold value of approximately $.11218+ per Zloty on the basis of the gold content fixed by the decree of October 13, 1927.

Receipts from Revenues Now Pledged for Security of This Issue

The Customs revenues expressed in dollars for the three fiscal years ending March 31, 1927 and for the six months ended September 30, 1927, have been as follows:

		Zlotys	Dollars
6 months ended September 30,	1927......	157,800,000	17,700,000
Year ended March 31,	1927......	215,300,000	23,300,000
	1926......	239,500,000	41,000,000
	1925......	292,700,000	56,300,000

Revenues Pledged for Other Loans

The gross receipts of the Government Railways, some of the property of which is mortgaged to secure the 10% Railway Debenture Loan and the 5% Conversion Railway Debenture Loan, pledged under the 8% Dollar Loan of 1925, have been as follows:

		Zlotys	Dollars
6 months ended September 30,	1927......	681,500,000	76,200,000
Year ended March 31,	1927......	1,226,500,000	134,000,000
	1926......	928,900,000	149,600,000
	1925......	866,400,000	167,300,000

Revenues of the Sugar Tax also pledged to secure the 8% Dollar Loan of 1925 have been as follows during the past few years:

	Zlotys	Dollars
6 months ended September 30, 1927......	56,500,000	6,400,000
Year ended March 31, 1927......	95,800,000	10,400,000
1926......	65,600,000	10,700,000
1925......	59,300,000	11,400,000

The revenues of the Polish Tobacco Monopoly, the property of which is pledged to secure the 7% Italian Lire Loan, have been as follows during the past few years:

Year ended March 31:	
1927..	$31,900,000
1926..	32,600,000
1925..	29,900,000

Foreign Trade

The value expressed in dollars of the merchandise imports and exports during the past three and one-half years has been as follows:

	Imports	Exports
6 months ended September 30, 1927......	$167,000,000	$135,000,000
Year ended March 31, 1927......	207,800,000	265,900,000
1926......	243,100,000	237,200,000
1925......	323,700,000	245,800,000

Revenues and Expenditures

The actual revenues and expenditures of the Polish Government during the past few years have been as follows:

	Revenues		Expenditures	
	Zlotys	Dollars	Zlotys	Dollars
6 months ended September 30, 1927..................	1,196,800,000	133,900,000	1,054,500,000	117,900,000
Year ended March 31:				
1927.....................	2,139,400,000	233,400,000	1,983,400,000	215,700,000
1926.....................	1,599,400,000	260,900,000	1,835,500,000	297,400,000
1925.....................	1,541,900,000	297,500,000	1,714,500,000	330,800,000

Figures in the above statement have been converted into dollars at 8.91 Zlotys to the dollar except for figures relating to periods prior to the de facto stabilization which have been calculated at the average rate of exchange of the Zloty prevailing each month.

Agreements

The Republic of Poland agrees with the New York Stock Exchange as follows:

All calls for redemption published abroad will be published on the same day or days in a newspaper of general circulation published in the Borough of Manhattan, City of New York.

To publish promptly to holders of bonds any action in respect to interest on bonds. Notice thereof to be sent to the Stock Exchange.

General

Principal of and interest on the Bonds are payable at the principal office of Bankers Trust Company or the Chase National Bank of the City of New York, Fiscal Agents for the Loan.

Interim Certificates may be exchanged and redemption of Bonds takes place at the Fiscal Agents, City of New York.

J. Ciechanowski,
Minister of Poland.

April 2, 1928.

This Committee, under authority previously granted, directs that the above-described $60,000,000 Republic of Poland Stabilization Loan, 1927, Seven per Cent. External Sinking Fund Gold Bonds, due October 15, 1947 (and coupon bonds of one denomination issued in exchange for coupon bonds of other denominations), be admitted to the list on official notice of issuance in exchange for outstanding Interim Receipts, with authority to add $2,000,000 of said Bonds on official notice of issuance in exchange for outstanding Foreign Receipts, in accordance with the terms of this application, making the total amount authorized to be listed $62,000,000, included in Nos. M-1 to M-62,000, for $1,000 each; D-1 to D-124,000, for $500 each and C-1 to C-620,000, for $100 each.

Robert Gibson, Chairman.

E. V. D. Cox, Secretary.

GENERAL INDEX

GENERAL INDEX

(An Index of the Stabilization Plan follows at page 235)

INDEX TO PLAN OF STABILIZATION

INDEX TO PLAN OF STABILIZATION

(Pages 13 to 24)

(A General Index precedes at page 227)

Date Due

DEC 11 1989			
R Dec 12, 89			